

## Disclaimer

This PDF is a section of the Unilever Annual Review 2007 provided to Unilever's shareholders. It does not contain sufficient information to allow a full understanding of the results of the Unilever Group and the state of affairs of Unilever N.V., Unilever PLC or the Unilever Group. The Annual Review is a short form document that contains extracts and summaries only of the information given in the Unilever Annual Report and Accounts 2007 ("the Full Report"). The Full Report should be referred to for a fuller understanding of the results and state of affairs of Unilever.

The Summary Financial Statement in the Unilever Annual Review 2007 has been examined by our auditors.

The maintenance and integrity of the Unilever website are the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially placed on the website.

Legislation in the United Kingdom and the Netherlands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclaimer** Except where you are a shareholder, this material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you.

This Annual Review 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 37 of this Annual Review.

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

## Board of Directors



## Chairman

**1. Michael Treschow<sup>1,2</sup>**

Nationality: Swedish. Aged 64. Chairman since May 2007. Chairman, Telefonaktiebolaget L M Ericsson. Non-Executive Director, ABB Group. Board member, Knut and Alice Wallenberg Foundation. Chairman, AB Electrolux 1997-2007 and Confederation of Swedish Enterprise 2004-2007.

## Vice-Chairman

**2. The Lord Simon of Highbury CBE<sup>3,4,5</sup>**

Nationality: British. Aged 68. Appointed 2000. Non-Executive Director, Suez Group. Director, CEPS, Belgium. Member of the International Advisory Council, FITCH, France. Member of the International Advisory Board, Dana Gas Corporation. Senior Advisor, Morgan Stanley International. UK Government Minister 1997-1999. Group Chief Executive, BP p.l.c. 1992-1995 and Chairman 1995-1997.

## Executive Directors

**3. Patrick Cescau****Group Chief Executive**

Nationality: French. Aged 59. Group Chief Executive since April 2005. Joined Unilever 1973. Appointed Director 4 May 1999. Previous posts include: Chairman, Unilever PLC and Vice-Chairman, Unilever N.V. 2004-2005. 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, Pearson plc.

**4. Kees van der Graaf**  
**President Europe**

Nationality: Dutch. Aged 57. President Europe since April 2005. Joined Unilever 1976. Appointed Director 12 May 2004. Previous posts include: Foods Director 2004, 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. External appointments include: Board member, ECR (Efficient Consumer Response). Member, Supervisory Boards of ANWB Club (Algemene Nederlandse Wielrijdersbond) and ANWB B.V.

**5. Ralph Kugler<sup>6</sup>****President Home and Personal Care**

Nationality: British. Aged 52. President Home and Personal Care since April 2005. Joined Unilever 1979. Appointed Director 11 May 2005. Previous posts include: President Home and Personal Care Europe 2001. Business Group President, Latin America 1999. Chairman, Unilever Thai Holdings 1995. Chairman, Unilever Malaysia 1992. External appointments include: Non-Executive Director, InterContinental Hotels Group PLC.

**6. James Lawrence\***  
**Chief Financial Officer**

Nationality: American. Aged 55. Appointed Chief Financial Officer 1 September 2007. External appointments include: Non-Executive Director, British Airways Plc and Avnet, Inc. Previous posts include: various senior positions at General Mills, Inc. 1998-2007, including Vice Chairman 2006-2007, Executive Vice President-International 2000-2006 and Chief Financial Officer 1998-2007, Executive Vice President and CFO, Northwest Airlines 1996-1998, President and CEO, Pepsi-Cola International (Asia, Middle East, Africa) 1992-1996, and Chairman, LEK Partnership 1983-1992.



## Non-Executive Directors

### 7. Professor Genevieve Berger<sup>6</sup>

Nationality: French. Aged 53. Appointed 2007. Professor, Medical University Teaching Hospital, Paris. Member, Technical Committee, Institute of Electrical and Electronics Engineers (IEEE). Chairman, Advisory Board, Health for the European Commission. Director, Biotech and Agri-Food Department 1998-2000 and Director of Technology 2000, the French Ministry for Education. Director General, National Centre for Scientific Research (CNRS), France 2000-2003.

### 8. The Rt Hon The Lord Brittan of Spennithorne QC, DL<sup>7</sup>

Nationality: British. Aged 68. Appointed 2000. Vice-Chairman, UBS Investment Bank and Chairman, UBS Limited. Director, UBS Securities Company Limited. Member, International Advisory Committee of Total. Member, European Commission and Vice-President 1989-1999. Member, UK Government 1979-1986. Home Secretary 1983-1985 and Secretary of State for Trade and Industry 1985-1986.

### 9. Professor Wim Dik<sup>8</sup>

Nationality: Dutch. Aged 69. Appointed 2001. Professor at Delft University of Technology. Chairman, Supervisory Boards of Tele Atlas N.V., Zesko Holding B.V., and Chairman, Advisory Board of Spencer Stuart Netherlands. Non-Executive Director, Aviva plc, LogicaCMG plc and Stage Entertainment B.V. Chairman and CEO, Koninklijke PTT Nederland (KPN) 1988-1998 and Koninklijke KPN N.V. (Royal Dutch Telecom) 1998-2000. Minister for Foreign Trade, Netherlands 1981-1982.

### 10. Charles Golden<sup>8</sup>

Nationality: American. Aged 61. Appointed 2006. Executive Vice-President, Chief Financial Officer and Director, Eli Lilly and Company 1996-2006. Non-Executive Director, Clarian Health Partners, Hillenbrand Industries, Inc. and Eaton Corporation. Member of Finance Committee, Indianapolis Museum of Art.

### 11. Byron Grote<sup>8</sup>

Nationality: American/British. Aged 60. Appointed 2006. Chief Financial Officer, BP p.l.c.

### 12. Narayana Murthy<sup>6</sup>

Nationality: Indian. Aged 61. Appointed 2007. Chairman, Asia Business Council, Indian Institute of Information Technology and Infosys Technologies Limited. Director, DBS Bank, DBS Group Holdings, Infosys Consulting, Inc., Infosys Technologies (China) Company Limited, New Delhi Television Ltd.

### 13. Hixonia Nyasulu<sup>6</sup>

Nationality: South African. Aged 53. Appointed 2007. Non-Executive Director, Barloworld Ltd, JP Morgan SA, Sasol Ltd and Tongaat-Hulett Group Ltd. Member, Banking Enquiry Panel, South African Competition Commission.

### 14. Kees Storm<sup>9</sup>

Nationality: Dutch. Aged 65. Appointed 2006. Chairman, Executive Board AEGON N.V. 1993-2002. Chairman, Supervisory Board KLM Royal Dutch Airlines N.V. Board member and Chairman of Audit Committee, InBev S.A. Board member and Audit Committee member, Baxter International, Inc. Member, Supervisory Board, Pon Holdings B.V. Member, Supervisory Board, AEGON N.V.

### 15. Jeroen van der Veer<sup>1,2</sup>

Nationality: Dutch. Aged 60. Appointed 2002. Chief Executive, Royal Dutch Shell plc. Former Member, Supervisory Board of De Nederlandsche Bank N.V. 2000-2004.

<sup>1</sup> Member Nomination Committee

<sup>2</sup> Member Remuneration Committee

<sup>3</sup> Chairman Nomination Committee

<sup>4</sup> Chairman Remuneration Committee

<sup>5</sup> Senior Independent Director

<sup>6</sup> Member Corporate Responsibility and Reputation Committee

<sup>7</sup> Chairman Corporate Responsibility and Reputation Committee

<sup>8</sup> Member Audit Committee

<sup>9</sup> Chairman Audit Committee

\* James Lawrence will be proposed for election as an Executive Director at the 2008 AGMs

## Summary Financial Statement

This Summary Financial Statement is a summary of information contained in Unilever's financial statements, Report of the Directors and the Report of the Remuneration Committee as set out in the Unilever Annual Report and Accounts 2007.

This statement does not contain sufficient information to allow as full an understanding of the results and state of affairs of Unilever, and of its policies and arrangements concerning Directors' remuneration, as would be provided by the full Annual Report and Accounts.

Copies of the Unilever Annual Report and Accounts 2007, which are produced in both English and Dutch, can be accessed directly or ordered through [www.unilever.com/investorcentre](http://www.unilever.com/investorcentre). Shareholders may also elect to receive the Annual Report and Accounts for all future years by request to the appropriate share registrars. Further details are provided on page 36.

The auditors have issued unqualified audit reports on the full accounts and the auditable part of the Report of the Remuneration Committee. The United Kingdom Companies Act 1985 requires the auditors to report if the accounting records are not properly kept or if the required information and explanations are not received. They are also required to report whether the information in the Report of the Directors is consistent with the audited consolidated accounts. Their reports on the full financial statements and the auditable part of the Report of the Remuneration Committee contain no such statements.

The following Summary Financial Statement should be read together with the narrative set out earlier in this Annual Review which includes, to the extent applicable, any important future developments or post-balance sheet events.

### Reporting currency and exchange rates

The sterling and US dollar figures shown in this document have been provided for the convenience of users and do not form part of the audited accounts of the Unilever Group. These figures have been translated from euros using the following rates of exchange:

	Annual average rates		Year-end rates	
	2007	2006	2007	2006
€1 = £	<b>0.6822</b>	0.6818	<b>0.7342</b>	0.6712
€1 = \$	<b>1.3640</b>	1.2540	<b>1.4710</b>	1.3170

The summary consolidated balance sheet is translated at year-end rates and the summary consolidated income statement and summary consolidated cash flow statement are translated at annual average rates.

### Summary accounting policies

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Acts 1985 and 2006. They are also in accordance with IFRS as issued by the International Accounting Standards Board.

The consolidated accounts are prepared under the historical cost convention unless otherwise indicated in the Accounting information and policies as set out in note 1 to the Annual Report and Accounts.

Due to the operational and contractual arrangements in place between NV and PLC, they form a single reporting entity for the purposes of presenting consolidated accounts. Accordingly, the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts.

### Dividends

The Boards have resolved to recommend to the Annual General Meetings on 14 May and 15 May 2008 the declaration of final dividends on the ordinary capital of PLC and of NV respectively in respect of 2007 at the rates shown in the tables below.

The dividend information given below, including the comparative amounts for 2006, is expressed in terms of the nominal share values which have applied since 22 May 2006 following the split of NV shares and the consolidation of PLC shares which were approved at the 2006 AGMs.

IFRS requires that dividends approved after the balance sheet date are not reflected in the financial statements for the current reporting period. As a result, the final 2006 dividends are reflected in the financial statements for 2007, and the proposed final 2007 dividends, if approved by shareholders at the AGMs, will be reflected in the financial statements for 2008.

The proposed final dividends will be paid in accordance with the timetable set out on page 37.

NV	2007	2006
Per Ordinary €0.16 share of NV		
Interim	<b>€0.25</b>	€0.23
Final	–	€0.47
Proposed final	<b>€0.50</b>	–
One-off	<b>€0.75</b>	€0.70
Total	<b>€0.75</b>	€0.96

PLC	2007	2006
Per Ordinary 3 <sup>1</sup> / <sub>9</sub> p share of PLC		
Interim	<b>17.00p</b>	15.62p
Final	–	32.04p
Proposed final	<b>34.11p</b>	–
One-off	<b>51.11p</b>	47.66p
Total	<b>51.11p</b>	17.66p



## Dividends for US shareholders

	Per Ordinary €0.16 share of NV		Per Ordinary 3 1/8p share of PLC	
	2007	2006	2007	2006
Interim	<b>\$0.3612</b>	\$0.2934	<b>\$0.3525</b>	\$0.2983
Final	–	\$0.6363	–	\$0.6357
Proposed final*	<b>\$0.7311</b>	–	<b>\$0.6684</b>	–
	<b>\$1.0923</b>	\$0.9297	<b>\$1.0209</b>	\$0.9340
One-off	–	\$0.3316	–	\$0.3372
Total	<b>\$1.0923</b>	\$1.2613	<b>\$1.0209</b>	\$1.2712

\*Proposed final dividends have been translated into US dollars at the rate of exchange ruling on 6 February 2008 (€1 = \$1.4621, £1 = \$1.9595). These dividends will be paid using the exchange rates ruling on 14 May 2008 for PLC and 15 May 2008 for NV.

### Unilever website

The maintenance and integrity of the Unilever website are the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the Netherlands and the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Independent auditors' statement to the shareholders of Unilever PLC

We have examined the Summary Financial Statement in euros which comprises the summary consolidated income statement, summary consolidated statement of recognised income and expense, summary consolidated balance sheet and summary consolidated cash flow statement and Summary Report of the Remuneration Committee in euros set out on pages 26 and 27 and 31 to 35.

### Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the 2007 Annual Review with the full annual accounts, the Report of the Directors and the Report of the Remuneration Committee, and its compliance with the relevant requirements of section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

This statement, including the opinion, has been prepared for and only for the shareholders of Unilever PLC as a body in accordance with section 251 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Basis of opinion

We conducted our work in accordance with Bulletin 1999/6, 'The auditors' statement on the Summary Financial Statement' issued by the Auditing Practices Board for use in the United Kingdom. Our reports on the Unilever Group full annual accounts describe the basis of our audit opinions on those financial statements and the Directors' Remuneration Report.

### Opinion

In our opinion the Summary Financial Statement is consistent with the full annual accounts, the Report of the Directors and the Report of the Remuneration Committee of Unilever Group for the year ended 31 December 2007 and complies with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

10 March 2008

### Independent auditor's report to the shareholders of Unilever N.V.

We have audited whether the Summary Financial Statement of the Unilever Group in euros for the year 2007, as set out on pages 26 and 27, has been derived consistently from the audited consolidated accounts of the Unilever Group for the year 2007. In our auditor's report dated 10 March 2008 we expressed an unqualified opinion on these consolidated accounts. The Directors are responsible for the preparation of the Summary Financial Statement in accordance with the accounting policies as applied in the 2007 full annual accounts of Unilever Group. Our responsibility is to express an opinion on the Summary Financial Statement.

### Scope

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the Summary Financial Statement has been derived consistently from the consolidated accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the Summary Financial Statement has been derived consistently, in all material respects, from the consolidated accounts.

### Emphasis of matter

For a better understanding of the Group's financial position and results and the scope of our audit, we emphasise that the Summary Financial Statement should be read in conjunction with the consolidated accounts, from which the Summary Financial Statement has been derived and our unqualified auditor's report thereon dated 10 March 2008. Our opinion is not qualified in respect of this matter.

Rotterdam, The Netherlands, 10 March 2008  
PricewaterhouseCoopers Accountants N.V.  
Prof Dr J A van Manen RA

## Summary Financial Statement continued

## Summary consolidated income statement for the year ended 31 December

	€ million		£ million		\$ million	
	2007	2006	2007	2006	2007	2006
<b>Continuing operations</b>						
<b>Turnover</b>	<b>40 187</b>	39 642	<b>27 416</b>	27 028	<b>54 815</b>	49 711
<b>Operating profit</b>	<b>5 245</b>	5 408	<b>3 578</b>	3 687	<b>7 155</b>	6 783
After (charging)/crediting:						
Restructuring	<b>(875)</b>	(704)	<b>(597)</b>	(480)	<b>(1 194)</b>	(883)
Business disposals, impairments and other	<b>306</b>	196	<b>209</b>	134	<b>416</b>	246
Gains on US healthcare and UK pensions	<b>–</b>	266	<b>–</b>	181	<b>–</b>	334
Net finance costs	<b>(252)</b>	(721)	<b>(171)</b>	(491)	<b>(345)</b>	(904)
Finance income	<b>147</b>	128	<b>100</b>	87	<b>201</b>	160
Finance costs	<b>(550)</b>	(590)	<b>(374)</b>	(402)	<b>(752)</b>	(741)
Preference shares provision	<b>(7)</b>	(300)	<b>(5)</b>	(204)	<b>(10)</b>	(374)
Pensions and similar obligations	<b>158</b>	41	<b>108</b>	28	<b>216</b>	51
Share of net profit/(loss) of joint ventures	<b>102</b>	78	<b>69</b>	53	<b>139</b>	98
Share of net profit/(loss) of associates	<b>50</b>	36	<b>34</b>	25	<b>69</b>	46
Other income from non-current investments	<b>39</b>	30	<b>27</b>	20	<b>53</b>	36
<b>Profit before taxation</b>	<b>5 184</b>	4 831	<b>3 537</b>	3 294	<b>7 071</b>	6 059
Taxation	<b>(1 128)</b>	(1 146)	<b>(770)</b>	(782)	<b>(1 539)</b>	(1 438)
<b>Net profit from continuing operations</b>	<b>4 056</b>	3 685	<b>2 767</b>	2 512	<b>5 532</b>	4 621
Net profit from discontinued operations	<b>80</b>	1 330	<b>54</b>	907	<b>109</b>	1 668
<b>Net profit</b>	<b>4 136</b>	5 015	<b>2 821</b>	3 419	<b>5 641</b>	6 289
Attributable to:						
Minority interests	<b>248</b>	270	<b>169</b>	185	<b>338</b>	339
Shareholders' equity	<b>3 888</b>	4 745	<b>2 652</b>	3 234	<b>5 303</b>	5 950

## Combined earnings per share

<b>From continuing operations</b>						
Basic earnings per share	<b>€1.32</b>	€1.19	<b>£0.90</b>	£0.81	<b>\$1.81</b>	\$1.49
Diluted earnings per share	<b>€1.28</b>	€1.15	<b>£0.87</b>	£0.78	<b>\$1.75</b>	\$1.44
<b>From discontinued operations</b>						
Basic earnings per share	<b>€0.03</b>	€0.46	<b>£0.02</b>	£0.31	<b>\$0.03</b>	\$0.57
Diluted earnings per share	<b>€0.03</b>	€0.45	<b>£0.02</b>	£0.31	<b>\$0.03</b>	\$0.56
<b>From total operations</b>						
Basic earnings per share	<b>€1.35</b>	€1.65	<b>£0.92</b>	£1.12	<b>\$1.84</b>	\$2.06
Diluted earnings per share	<b>€1.31</b>	€1.60	<b>£0.89</b>	£1.09	<b>\$1.78</b>	\$2.00

## Summary consolidated statement of recognised income and expense for the year ended 31 December

	€ million		£ million		\$ million	
	2007	2006	2007	2006	2007	2006
Fair value gains/(losses) net of tax:						
On cash flow hedges	<b>84</b>	6	<b>57</b>	4	<b>113</b>	8
On available-for-sale financial assets	<b>2</b>	15	<b>1</b>	10	<b>3</b>	19
Actuarial gains/(losses) on pension schemes net of tax	<b>542</b>	853	<b>369</b>	582	<b>739</b>	1 070
Currency retranslation gains/(losses) net of tax	<b>(413)</b>	(335)	<b>470</b>	(379)	<b>1 249</b>	823
<b>Net income/(expense) recognised directly in equity</b>	<b>215</b>	539	<b>897</b>	217	<b>2 104</b>	1 920
Net profit	<b>4 136</b>	5 015	<b>2 821</b>	3 419	<b>5 641</b>	6 289
<b>Total recognised income and expense</b>	<b>4 351</b>	5 554	<b>3 718</b>	3 636	<b>7 745</b>	8 209
Attributable to:						
Minority interests	<b>237</b>	242	<b>184</b>	161	<b>379</b>	346
Shareholders' equity	<b>4 114</b>	5 312	<b>3 534</b>	3 475	<b>7 366</b>	7 863



## Summary consolidated balance sheet as at 31 December

	€ million		£ million		\$ million	
	2007	2006	2007	2006	2007	2006
Goodwill	12 244	12 425	8 989	8 340	18 011	16 363
Intangible assets	4 511	4 781	3 312	3 209	6 636	6 296
Property, plant and equipment	6 284	6 276	4 614	4 213	9 244	8 266
Pension asset for funded schemes in surplus	2 008	1 697	1 474	1 139	2 953	2 235
Deferred tax assets	1 003	1 266	736	849	1 475	1 667
Other non-current assets	1 324	1 126	974	755	1 950	1 484
<b>Total non-current assets</b>	<b>27 374</b>	<b>27 571</b>	<b>20 099</b>	<b>18 505</b>	<b>40 269</b>	<b>36 311</b>
Inventories	3 894	3 796	2 859	2 549	5 728	5 001
Trade and other current receivables	4 194	4 254	3 079	2 854	6 170	5 601
Current tax assets	367	125	269	84	539	164
Cash and cash equivalents	1 098	1 039	806	697	1 615	1 368
Other financial assets	216	273	159	184	318	360
Assets held for sale	159	14	117	9	234	17
<b>Total current assets</b>	<b>9 928</b>	<b>9 501</b>	<b>7 289</b>	<b>6 377</b>	<b>14 604</b>	<b>12 511</b>
Financial liabilities	(4 166)	(4 458)	(3 059)	(2 992)	(6 128)	(5 871)
Trade payables and other current liabilities	(8 017)	(7 838)	(5 886)	(5 261)	(11 793)	(10 323)
Current tax liabilities	(395)	(579)	(289)	(388)	(580)	(761)
Provisions	(968)	(1 009)	(711)	(677)	(1 425)	(1 329)
Liabilities associated with assets held for sale	(13)	–	(9)	–	(19)	–
<b>Total current liabilities</b>	<b>(13 559)</b>	<b>(13 884)</b>	<b>(9 954)</b>	<b>(9 318)</b>	<b>(19 945)</b>	<b>(18 284)</b>
<b>Net current assets/(liabilities)</b>	<b>(3 631)</b>	<b>(4 383)</b>	<b>(2 665)</b>	<b>(2 941)</b>	<b>(5 341)</b>	<b>(5 773)</b>
<b>Total assets less current liabilities</b>	<b>23 743</b>	<b>23 188</b>	<b>17 434</b>	<b>15 564</b>	<b>34 928</b>	<b>30 538</b>
Financial liabilities due after one year	5 483	4 377	4 026	2 938	8 066	5 765
Non-current tax liabilities	233	272	171	182	343	359
Pensions and post-retirement healthcare liabilities:						
Funded schemes in deficit	827	1 379	607	925	1 217	1 816
Unfunded schemes	2 270	3 398	1 667	2 281	3 340	4 475
Provisions	694	826	510	555	1 020	1 088
Deferred tax liabilities	1 213	1 003	891	673	1 785	1 321
Other non-current liabilities	204	261	150	176	300	343
<b>Total non-current liabilities</b>	<b>10 924</b>	<b>11 516</b>	<b>8 022</b>	<b>7 730</b>	<b>16 071</b>	<b>15 167</b>
<b>Shareholders' equity</b>	<b>12 387</b>	<b>11 230</b>	<b>9 095</b>	<b>7 537</b>	<b>18 221</b>	<b>14 789</b>
Minority interests	432	442	317	297	636	582
<b>Total equity</b>	<b>12 819</b>	<b>11 672</b>	<b>9 412</b>	<b>7 834</b>	<b>18 857</b>	<b>15 371</b>
<b>Total capital employed</b>	<b>23 743</b>	<b>23 188</b>	<b>17 434</b>	<b>15 564</b>	<b>34 928</b>	<b>30 538</b>

## Summary consolidated cash flow statement for the year ended 31 December

	€ million		£ million		\$ million	
	2007	2006	2007	2006	2007	2006
Cash flow from operating activities	5 188	5 574	3 540	3 801	7 076	6 990
Income tax paid	(1 312)	(1 063)	(895)	(726)	(1 790)	(1 333)
<b>Net cash flow from operating activities</b>	<b>3 876</b>	<b>4 511</b>	<b>2 645</b>	<b>3 075</b>	<b>5 286</b>	<b>5 657</b>
Interest received	146	125	100	86	200	157
Net capital expenditure	(983)	(934)	(671)	(637)	(1 341)	(1 171)
Acquisitions and disposals	(50)	1 777	(34)	1 211	(68)	2 228
Other investing activities	264	187	179	128	360	235
<b>Net cash flow from/(used in) investing activities</b>	<b>(623)</b>	<b>1 155</b>	<b>(426)</b>	<b>788</b>	<b>(849)</b>	<b>1 449</b>
Dividends paid on ordinary share capital	(2 182)	(2 602)	(1 489)	(1 774)	(2 976)	(3 264)
Interest and preference dividends paid	(552)	(605)	(377)	(412)	(753)	(758)
Change in borrowings and finance leases	1 338	(3 281)	913	(2 238)	1 824	(4 114)
Share buy-back programme	(1 500)	–	(1 024)	–	(2 046)	–
Other movements on treasury stock	442	98	302	67	603	123
Other financing activities	(555)	(182)	(378)	(124)	(758)	(228)
<b>Net cash flow from/(used in) financing activities</b>	<b>(3 009)</b>	<b>(6 572)</b>	<b>(2 053)</b>	<b>(4 481)</b>	<b>(4 106)</b>	<b>(8 241)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>244</b>	<b>(906)</b>	<b>166</b>	<b>(618)</b>	<b>331</b>	<b>(1 135)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>710</b>	<b>1 265</b>	<b>477</b>	<b>868</b>	<b>935</b>	<b>1 498</b>
Effect of foreign exchange rate changes	(53)	351	18	227	58	572
<b>Cash and cash equivalents at the end of the year</b>	<b>901</b>	<b>710</b>	<b>661</b>	<b>477</b>	<b>1 324</b>	<b>935</b>

## Corporate governance

Unilever constantly keeps its corporate governance arrangements under review, and it is our practice to comply, where practicable, with the highest standards of applicable codes and respond to developments appropriately.

### The Unilever Group

Unilever N.V. (NV) and Unilever PLC (PLC) are the two parent companies of the Unilever Group, having separate legal identities and separate stock exchange listings for the shares of NV and PLC, which are not interchangeable. However, together with their group companies, they operate effectively as a single economic entity and constitute a single reporting entity for the purposes of presenting consolidated accounts.

In order to ensure unity of governance and management, they have the same Directors and are linked by a number of co-operation agreements. In particular, the Equalisation Agreement regulates the mutual rights of the two sets of shareholders, including a formula for paying dividends. These features mean that all shareholders, whether of NV or PLC, share in the prosperity of the whole business.

Further details of these agreements are contained in the Annual Report and Accounts 2007 and are also available on [www.unilever.com/investorcentre/corpgovernance](http://www.unilever.com/investorcentre/corpgovernance)

NV and PLC are holding and service companies. Unilever's businesses are carried out by their subsidiaries around the world. Shares in group companies are held ultimately by either NV or PLC, or jointly by the two companies, in varying proportions.

Unilever has divided its business into three regions, The Americas, Asia Africa and Europe, which are responsible for delivering top and bottom line results, implementing proven brand mixes in their region and focusing on building capabilities with customers. The regions are complemented by two category teams, Foods, and Home and Personal Care, which are responsible for the brand development process including innovation, brand positioning and communication and category strategies. In 2008 these teams will be brought together under a single leadership.

### Unilever policies

The implementation of and compliance with our governance structure is facilitated through a business-orientated policy framework. Unilever policies are universally applicable within the Unilever Group. They are mandatory and have been developed to ensure consistency in key areas within our worldwide operations. They cover operational and functional matters, and govern how we run our business, in order to comply with applicable laws and regulations.

Unilever policies include: the Code of Business Principles, the Code of Ethics for Senior Financial Officers, the Compliance Manual for Listing Rules and Disclosure and Transparency Rules (including the Unilever Share Dealing Code), the Risk Management Policy, the Corporate Pensions Policy and the Accounting and Reporting Policy.

The Code of Business Principles is Unilever's statement of values and represents the standard of conduct we require from all of our employees. Our 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). The Code of Business Principles Hotline is a confidential way for employees to submit concerns regarding accounting and auditing issues anonymously and handles all alleged violations of the Code of Business Principles. Copies of the Code of Business Principles, the Code of Ethics and the Share Dealing Code are posted on our website at [www.unilever.com/investorcentre/corpgovernance](http://www.unilever.com/investorcentre/corpgovernance)

Unilever aims to share these standards and values with its suppliers and contractors through its Business Partner Code which, in turn, is based on its Code of Business Principles. It sets out standards on ten key points of business integrity, labour standards, consumer safety and the environment.

### Developments in corporate governance

Unilever constantly keeps its corporate governance arrangements under review. NV and PLC are subject to various corporate governance requirements and best practice codes, the most relevant being those in the Netherlands, the United Kingdom and the United States. It is Unilever's practice to comply, where practicable, with the highest level of these codes, and respond to developments appropriately.

Following his appointment as a Non-Executive Director at the AGMs in May 2007, Unilever appointed its first independent Non-Executive Chairman, Michael Treschow, in succession to Antony Burgmans who retired as Chairman at those meetings. In September 2007, the office of the Joint Secretaries came to an end, and the position of a single Group Secretary was introduced and adopted by the Boards.

More information on our corporate governance arrangements is set out in 'The Governance of Unilever', the Boards' statement of their internal arrangements, which can be found at [www.unilever.com/investorcentre/corpgovernance](http://www.unilever.com/investorcentre/corpgovernance)



## The Boards

Unilever's Directors are Directors of both NV and PLC. Taking into account their respective roles as Executive and Non-Executive Directors, collectively they are ultimately responsible for the management, general affairs, direction and performance of the business as a whole.

Directors are elected by shareholders at the AGMs of NV and PLC and make themselves fully accountable by submitting themselves for re-election each year. Our nomination procedures are designed to ensure that the same people are the Directors of both companies.

Based on the evaluation of the Boards, its Committees and its individual members, the Nomination Committee recommends to the Boards a list of candidates for nomination at the AGMs of both NV and PLC. In addition, since 2006 shareholders have been able to nominate Directors to this list although to do so they must put a resolution to both the NV and PLC AGMs in line with local requirements for requisitioning a resolution. In order to ensure that the Boards remain identical anyone being elected a Director of NV must also be elected as a Director of PLC and vice versa. If an individual fails to be elected to both companies then they will be unable to take their place on the Boards.

The Boards currently comprise a Chairman, three Executive Directors and ten independent Non-Executive Directors. They meet at least seven times a year to consider material matters for NV, PLC and the Unilever Group. These matters include, for example, results announcements, the Annual Report and Accounts, dividends, corporate strategy, annual plans, risks and controls, major business transactions, and Board appointments and remuneration.

Unilever has a separate Chairman and Group Chief Executive. There is a clear division of responsibilities between their roles.

The Chairman is an independent Non-Executive Director and he is primarily responsible for leadership of the Boards, ensuring their effectiveness and setting their agendas. He is also responsible for ensuring that the Boards receive accurate, timely and clear information.

The Group Chief Executive has been entrusted, within the parameters set out in the Articles of Association of NV and PLC and The Governance of Unilever, with all the Boards' powers, authorities and discretions in relation to the operational management of Unilever.

The Non-Executive Directors share responsibility for the execution of the Boards' duties, taking into account 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. Our Non-Executive Directors are chosen for their broad and relevant experience and international outlook, as well as their independence.

Key elements of their role and responsibilities as Non-Executive Directors include strategy, scrutiny of performance, risk management, controls, remuneration, succession planning,

reporting to shareholders, governance and compliance. They also form the Audit Committee which is fully compliant with the applicable rules in the Netherlands, UK and the US, the Nomination Committee, the Remuneration Committee, and in majority the Corporate Responsibility and Reputation Committee. The Non-Executive Directors meet as a group, without the Executive Directors present, under the chairmanship of Mr Treschow. In addition they usually meet before each Board meeting with the Group Chief Executive and the Group Secretary.

## Board induction and training

Upon election, Directors receive a comprehensive Directors' Manual and are briefed thoroughly on their responsibilities and our business. Ongoing training is provided by way of site visits, presentations, circulated updates, teach-ins and agenda items at Board meetings on, among other things, Unilever's business, corporate governance, regulatory developments, and investor relations matters.

In particular, during 2007 the Boards were given a presentation by our external legal advisers on the new directors' duties under the UK Companies Act 2006.

A more detailed corporate governance statement, as well as the annual reports of the Audit, Nomination, Remuneration, and Corporate Responsibility and Reputation Committees, is contained in the Unilever Annual Report and Accounts 2007. This Annual Report, our Code of Business Principles, NV's and PLC's Articles of Association and The Governance of Unilever are available on our website at [www.unilever.com/investorcentre/corpgovernance](http://www.unilever.com/investorcentre/corpgovernance). The Governance of Unilever contains, amongst other things, our rules on 'Independence' of Directors and the terms of reference of the Board Committees.

## Executive Directors' service contracts

The Executive Directors are full-time employees of Unilever. Information about their remuneration can be found on pages 31 to 35 of this Annual Review. More detailed information can be found in the Report of the Remuneration Committee in the Annual Report and Accounts 2007 and on our website at [www.unilever.com/investorcentre](http://www.unilever.com/investorcentre)

The Remuneration Committee takes the view that the entitlement of the Executive Directors to the security of 12 months' notice of termination of employment is in line both with the practice of many comparable companies and the entitlement of other senior executives within Unilever.

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

The Executive Directors submit themselves for re-election at the AGMs each year. The Nomination Committee carefully considers each nomination for re-appointment.

## Corporate governance continued

The Directors stop holding 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 Unilever.

### Compliance

Unilever is subject to the corporate governance requirements in the Netherlands, the UK and, as a foreign private issuer, in the US. All of these requirements were taken into account when structuring our Board arrangements, details of which are set out in The Governance of Unilever.

Details of our compliance with governance requirements in the Netherlands, UK and US are contained in the Annual Report and Accounts 2007 and can also be found on our website at [www.unilever.com/investorcentre](http://www.unilever.com/investorcentre)

In the US, we are fully compliant with the Listing Standards of the New York Stock Exchange (NYSE) applicable to foreign private issuers, and our corporate governance practices do not significantly differ from those followed by US companies listed on the NYSE.

Disclosures in relation to the implementation of the EU Takeover Directive can be found in the Annual Report and Accounts 2007.

### Board changes

The current Executive Directors held office throughout the year, and their biographical details are shown on page 22.

Leon Brittan, Wim Dik, Charles Golden, Byron Grote, David Simon, Jean-Cyril Spinetta, Kees Storm and Jeroen van der Veer were re-elected as Non-Executive Directors of NV and PLC at the 2007 AGMs. In addition, Genevieve Berger, Narayana Murthy and Hixonia Nyasulu were appointed as Non-Executive Directors, and Michael Treschow became our first independent Non-Executive Chairman. Biographical details for the existing Non-Executive Directors are found on pages 22 and 23.

At the 2007 AGMs, Rudy Markham retired as an Executive Director but remained as Chief Financial Officer until his successor, Jim Lawrence, was appointed on 1 September 2007. Lynda Chalker also retired as a Non-Executive Director at the 2007 AGMs, and in September 2007 Jean-Cyril Spinetta stepped down as a Non-Executive Director due to personal reasons.

At the 2008 AGMs all of the current Executive Directors and the Non-Executive Directors will be nominated for re-election with the exception of Kees van der Graaf and Ralph Kugler who will step down from the Boards. In addition, Jim Lawrence will be proposed for election as an Executive Director at the 2008 AGMs following his appointment as Chief Financial Officer in September 2007. Biographical details for Mr Lawrence are contained in the 2008 AGM Notices and on our website at [www.unilever.com/investorcentre](http://www.unilever.com/investorcentre)

## Diversity statement

Diversity in Unilever is about inclusion, embracing differences, creating possibilities and growing together for better business performance. We embrace diversity in our workforce: this means giving full and fair consideration to all applicants and continuing development to all employees regardless of gender, nationality, race, creed, disability, style or sexuality. Diversity plays a vital role in ensuring we understand consumers' needs.

The commitment to diversity is set right at the top of our business. It is driven by the Global Diversity Board, chaired by Group Chief Executive Patrick Cescau, who has emphasised that "diversity is critical to our business competitiveness and long-term sustainability".

Unilever is one of the world's most culturally diverse companies, with 21 different nationalities represented among our top level group of 113 managers worldwide.

In 2007 we worked to embed diversity even more firmly into our day-to-day business decisions, via our talent management and people processes, from appointments to development. As part of the Human Resources planning process our business units are also developing specific diversity plans that are aligned to the priorities and needs of their regions and categories.

We continue to carry out quarterly measurement and tracking of diversity against our objectives, using the HR Strategy in Action tool. Gender remains an important priority and is reviewed by the UEx.

on the web

[www.unilever.com/investorcentre](http://www.unilever.com/investorcentre)

# Summary remuneration report



During 2007 the Remuneration Committee continued to progress on the five strategic principles that serve as the platform for Unilever's approach to remuneration for the Unilever Executive. These principles not only pertain to our Executive Directors but to all Unilever's leadership levels. They provide the basis for our remuneration structure, as explained in greater detail in the following pages, and direct that pay should be:

- aligned with shareholders' interests;
- robustly linked to performance;
- aligned with strategic priorities;
- market competitive; and
- easy to understand and communicate.

The overriding objective is to ensure that Unilever recruits and retains the best performers, and effectively incentivises them to achieve superior results. It is also our aim to manage the differing elements of total remuneration in a fully integrated manner.

During 2007 these five principles provided the foundation for important changes to the level and structure of Unilever's incentive plans. At our 2007 AGMs shareholders approved the introduction of a new share-based incentive plan which appropriately aligned our programme with our peer company market. The Committee also increased the annual incentive opportunity for Executive Directors while leaving base salary levels unchanged. Together these changes have placed a greater emphasis on performance-based rewards relative to fixed pay and play a critical role in driving improved business results.

During the second half of 2007 Jim Lawrence was appointed as Chief Financial Officer of Unilever. Jim Lawrence's election to the Boards is subject to shareholders' approval at the AGMs in May 2008. However, in the interests of transparency and good governance, a summary of his remuneration arrangements has been included in this year's report.

The year 2007 marked a continuation of the Group's momentum of improved performance. The focus on growth priorities, together with stronger innovation, improved speed to market and better in-market execution, has delivered consistent, and we believe, sustainable growth. Underlying operating margins have improved and a strong start was made in implementing an acceleration to the implementation of the One Unilever reorganisation programme.

Based on the performance over 2007 the annual incentive awards were on average 128% of base salary across the Unilever Executive team. A GPSP (Global Performance Share Plan) long-term incentive award will vest in 2008 for 121% based on the performance period 2005-2007. The minimum vesting level for the performance period 2005-2007 was in 2005 set at 2% per annum average USG (underlying sales growth) and €12.2 billion UFCF (ungeared free cash flow), whereas up to 200% could vest for USG exceeding 4% per annum and with UFCF more than €13.2 billion. Targets were set before the disposal of European Frozen Foods and before the disposal of UCI. The targets have been adjusted by the impacts of these disposals. A TSR (total shareholder return) long-term incentive award will also vest in 2008. The vesting was 50% for the performance period 2005-2007. Unilever ranked 8<sup>th</sup> within the comparator group of peer companies.

Over the last three years to December 2007 Unilever has created more than €20 billion of shareholder value. Looking forward to 2008 we expect the group leadership to deliver improvement against our longer-term objectives and, as a result, our shareholders and our executives will be duly awarded.

In September 2007 Jean-Cyril Spinetta stepped down as a Non-Executive Director for personal reasons. We would like to take this opportunity to thank Jean-Cyril for his contributions to Unilever and our Committee. His wise counsel and experience have been most helpful. We wish him all the best for the future. We are currently working to replace Jean-Cyril with a new recruit for our Committee during 2008. Michael Treschow was also appointed a member of our Committee on 6 February 2008.

**David Simon** Chairman of the Remuneration Committee  
**Jeroen van der Veer**

## Remuneration policy 2007

### Fixed

Element	Payment	Value determination	Plan objectives/Key drivers
Base salary	Cash	Market median	Attraction and retention of high performing key executives
Pension	Cash	Directors stay in their home country pension fund or an alternative of similar value. Bonus not pensionable	Attraction and retention of high performing key executives

### Variable

Element	Payment	Indicative levels at face value as % of base pay	Plan objectives/Key drivers
Annual incentive	Cash (75%) Shares (25%)	Executive Directors: target 87% (range 0%-150%) Group Chief Executive: target 113% (range 0%-200%)	Delivery of trading contribution (Unilever's primary internal measure of economic value added) and top-line growth targets  Individual responsibility for key Unilever business objectives
Global Share Incentive Plan	Shares	Grant level for Executive Directors: up to 120% in 2007 (from 2008 onwards up to 180% is allowable)  Grant level for Group Chief Executive: up to 135% (from 2008 onwards up to 200% is allowable)  In exceptional circumstances the Committee may exceed the limits  Vesting level: 0-200% of grant	Shareholder return at upper half of peer group. See page 32  Ungeared free cash flow as the basic driver of Unilever shareholder returns  Top-line revenue growth as essential to Unilever's long-term value creation
Share Matching Plan	Shares	25% of annual incentive is paid in shares: these shares are matched one for one	Alignment with shareholders' interests

## Summary remuneration report continued

A significant proportion of the Executive Directors' total reward is linked to a number of key measures of Group performance to create alignment with the strategy, business priorities and shareholder value.

The total remuneration package for Executive Directors is intended to be competitive in a global market with a strong emphasis on performance related pay.

Internal and external comparisons are made with the reward arrangements for other senior executives within Unilever to support consistent application of Unilever's executive reward policies.

In setting targets for the performance measures, the Committee is guided by what would be required to deliver top third shareholder value. This is reflected in both the short-term and long-term performance targets.

### Base salary

The Remuneration Committee reviews base salary levels annually, taking into account external benchmarks, within the context of Group and individual performance. The Committee decided not to increase the salaries in 2007 in order to place more emphasis on performance related pay and less on fixed pay.

### Annual incentive

The annual incentive arrangement rewards Executive Directors for the delivery of trading contribution (Unilever's primary internal measure of economic value added) and top-line growth targets, as well as for their individual contribution to Unilever's business strategy.

In 2007 the Remuneration Committee reviewed annual incentive levels in light of the strategic remuneration principles. Given the desire to enhance the focus on performance-linked pay and to ensure arrangements are market competitive, the Committee decided to increase annual incentive opportunities. In 2007 the opportunity for Executive Directors was increased to a maximum of 150% of base salary and for the Group Chief Executive up to 200%. Up to 120% of salary will be based on Unilever's business result targets (133.3% for Group Chief Executive) and a maximum of 30% of salary will be based on individual business targets (66.7% for Group Chief Executive). The target levels are around 60% of maximum. Aggressive business targets mean that maximum levels are only payable for exceptional performance.

The performance criteria for the annual incentive are:

- trading contribution: this is Unilever's primary internal measure of economic value added. It is calculated from trading result after a deduction for tax and a charge for asset use. Trading result is the internal management measure of profit that is the most consistent with operating profit. Increases in trading contribution reflect the combined impact of top-line growth, margin improvement and capital efficiency gains. It is well aligned with our objective of a progressive improvement in return on invested capital and with shareholder value creation;
- underlying sales growth: this focuses on the organic growth of Unilever's turnover; and
- individual business and leadership targets: these are tailored to each individual's responsibilities to deliver certain business objectives supporting the strategy. Individual contribution is assessed against robustly set measures and targets to ensure both objectivity and 'stretch'.

Achievement of targets is measured at the end of the year and the payment takes place the following March. 25% of the annual incentive is delivered to the Executive Directors in the form of shares in NV and PLC, which are matched by a conditional award of 'matching shares', as further described under the section on long-term incentives below.

### Long-term incentives

At the 2007 AGMs shareholders approved the new Unilever Global Share Incentive Plan (GSIP) for employees and Executive Directors.

The new plan supports the Committee's strategic remuneration principles for executives. The number of shares vesting is linked to improvements in Unilever's performance over a three-year period. The plan integrates and replaces two previous long-term plans, the GPSP and TSR Long-Term Incentive Plan, making Unilever's long-term arrangements simpler and easier to understand.

The long-term incentive for Executive Directors now consists of two elements, both of which are delivered in shares:

- Global Share Incentive Plan; and
- Share Matching Plan (linked to annual incentive).

Executive Directors are required to demonstrate a significant personal shareholding commitment to Unilever. Within five years of appointment, they are expected to hold shares worth 150% of their annual base salary. This reinforces the link between the executives and other shareholders.

### Global Share Incentive Plan (GSIP)

Under the GSIP annual awards of shares in NV and PLC are granted to Executive Directors. The actual number of shares received at vesting after three years depends on the satisfaction of performance conditions.

For the 2007 awards, the vesting of shares is conditional on the achievement of three distinct performance conditions over the performance period. The performance period is the three-year period which began on 1 January 2007 and ends on 31 December 2009.

The vesting of 40% of the shares in the award is based on a condition measuring Unilever's relative TSR against a comparator group of 20 other companies over that three-year period. TSR measures the return received by a shareholder, capturing both the increase in share price and the value of dividend income (assuming dividends are reinvested). The TSR results are compared on a single reference currency basis. No shares (in the portion of the award subject to TSR) will vest if Unilever is ranked below position 11 of the TSR ranking table over the three-year period. 50% of the shares will vest if Unilever is ranked 11<sup>th</sup> among the peer group, 100% if ranked 7<sup>th</sup>, and 200% will vest if Unilever is ranked 3<sup>rd</sup> or above in the table. Straight-line vesting will occur between these points.

The TSR peer group is as follows:

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



The vesting of a further 30% of the shares in the award is conditional on achieving an underlying sales growth target.

The vesting of the final 30% of the shares in the award is conditional on achieving an ungeared free cash flow target which is the basic driver of the returns that Unilever is able to generate for shareholders.

Vesting of the business performance-focused parts of an award depends on meeting challenging objectives. There will be no vesting if performance is below the minimum of the range, 25% vesting for achieving minimum and 200% vesting only at or substantially above the top end of the range.

Performance for each condition will be assessed independently from the other conditions over the performance period. Shares will only vest if and to the extent that the respective performance conditions are satisfied. There will be no re-testing.

#### Share Matching Plan (linked to the annual incentive)

The Share Matching Plan enhances the alignment with shareholders' interests and supports the retention of key executives. In addition, the necessity to hold the shares for a minimum period of three years supports the shareholding requirements.

The Executive Directors receive 25% of their annual incentive in the form of NV and PLC shares. These are matched with an equivalent number of matching shares. The matching shares will vest after three years provided that the underlying shares have been retained during this period and the Executive Director has not resigned or been dismissed.

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

#### Executive Directors' pensions

The policy beginning in 2007 is that new Executive Directors will be members of the all-employee pension arrangement in their home country (or an alternative of similar value) and will pay employee contributions at the same rate as other employees in that arrangement.

Executive Directors appointed prior to 2007 have a defined benefit pension of two-thirds of final salary, payable at retirement from age 60.

Annual incentive is not pensionable except for Executive Directors appointed prior to the change of policy in 2005 (Patrick Cescau, Kees van der Graaf and Rudy Markham who retired in 2007) for whom annual incentive is pensionable up to a maximum of 20% of base salary.

#### Other benefits and allowances

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

#### Serving as Non-Executive on the Board of another company

Some of the Executive Directors serve as a Non-Executive on the Boards of other companies. In 2007 Unilever required that all remuneration and fees earned from outside directorships are paid directly to Unilever. The policy has been amended in 2008.

#### Arrangements for Jim Lawrence

Jim Lawrence joined Unilever in September 2007 as Chief Financial Officer. He will be proposed for election to the Boards of NV and PLC at the AGMs in May 2008. Given Unilever's objective of balancing remuneration more clearly towards performance-linked variable pay the agreed package follows this policy direction. His salary in 2007 was set at US\$1 100 000 per annum; the maximum annual incentive in 2007 was 150% of salary and the grant under the GSIP in 2007 was 49 962 each of NV shares and PLC shares. He will be in a pension plan similar to that of Unilever in the US, which is a defined contribution plan. To compensate for the forfeiture of incentives from his former employer, a cash allowance was paid on appointment of US\$1 million (with a pro rata claw back over three years) and restricted shares of 35 565 each of NV and PLC were granted (at award value US\$2.5 million). These will vest for 1/3 after one year of service, 1/3 after two years of service and 1/3 after three years of service.

Jim Lawrence has purchased 295 508 NV shares and 240 000 PLC ADRs.

#### Future developments

The Remuneration Committee continues to monitor trends and changes in the market. It keeps a watching brief on the continuing alignment between Unilever's strategic objectives and the reward policy for Executive Directors.

From 1 January 2008 the UK all-employee pension plan benefit changed for new hires from final salary to a combination of career average earnings (up to a limit of £38 000) and defined contribution above the limit. Existing employees are being given the option to move to the new plan or to remain in the previous plan (subject to certain changes including paying higher individual contributions). The latter affects the UK-based Executive Directors Patrick Cescau and Ralph Kugler.

The performance range for the GSIP 2008 award (performance period 2008-2010) will be in respect of average underlying sales growth 4%-6.4% per annum and for cumulative ungeared free cash flow €10.5 billion-€15.5 billion.

#### Commentary on 2007 remuneration

##### Base salary

In 2007, base salary levels were benchmarked against those paid in other major global companies based in Europe, excluding companies in the financial sector. The Committee decided not to increase base salaries for 2007 and to place greater emphasis on performance-based pay.

##### Annual incentive

The annual incentive awards for 2007 were subject to achievement of underlying sales growth and trading contribution targets in combination with individual key strategic business targets. The Committee measured the results against the targets set and determined the annual incentive amounts for 2007.

## Summary remuneration report continued

### Long-term incentive arrangements

- Global Share Incentive Plan**  
 The first award was made in 2007 with a performance period 2007-2009. Vesting will be in 2010.
- Global Performance Share Plan**  
 The performance period for the first awards made under the plan ended on 31 December 2007. Vesting will be in May 2008 (three years after award).
- TSR Plan**  
 In 2007 the conditional shares awarded in 2004 lapsed. Vesting was based on the TSR performance of Unilever (when ranked against its defined peer group with competitors) over the three-year performance period which ended 31 December 2006. For this period, Unilever was ranked 13<sup>th</sup> in its peer group and therefore no vesting occurred for this award and the shares lapsed in March 2007.
- Share Matching Plan**  
 In 2007 the matching shares originally granted in 2004 on a conditional basis vested, subject to fulfilment of the retention conditions.
- Executive Share Options**  
 The grants of executive share options made in 2004 became exercisable as from 2007. As the 2004 grant was based on Unilever's EPS performance, the options at vesting were subject to no further conditions.

### Pensions

The Netherlands all-employee pension plan benefit basis was changed from final salary to career average earnings at 31 December 2006. This had a small impact on the accrued pension of the Netherlands-based Executive Director.

During 2007 individual contributions paid by Executive Directors in the UK were paid through salary sacrifice arrangement.

### Non-Executive Directors

The Non-Executive Directors receive fees from both NV and PLC. No other remuneration is given in respect of their Non-Executive duties from either NV or PLC, such as annual incentives, share-based incentives or pension benefits.

The level of their fees reflects their commitment and contribution to the companies. The Chairman's levels were reviewed and increased with the appointment of Michael Treschow as Chairman in 2007.

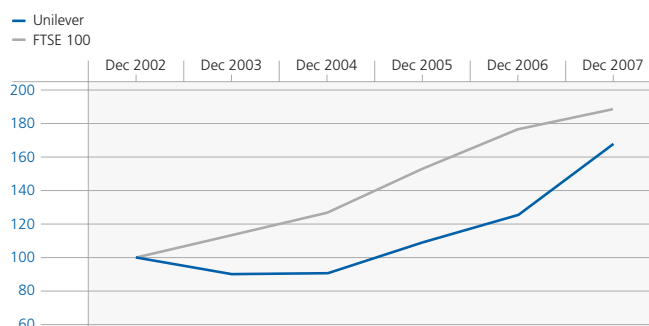
### Additional statutory and other disclosures

#### Unilever's share performance relative to broad-based equity indices

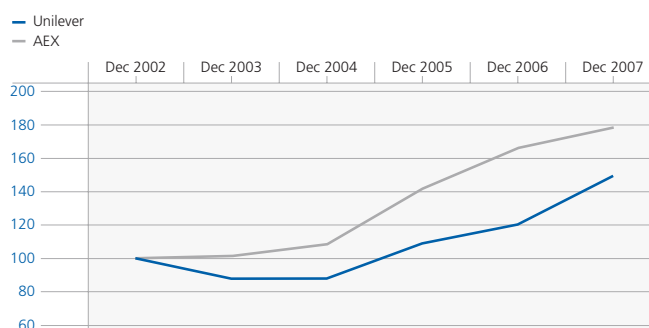
The UK Companies Act 1985 (schedule 7A) requires us to show Unilever's relative share performance, based on total shareholder return, against a holding of shares in a broad-based equity index for the last five years. The Remuneration Committee has decided to show Unilever's performance against two indices, namely the FTSE 100 Index, London, and the Euronext AEX Index, Amsterdam as these are the most generally used indices in the UK and the Netherlands, where we have our principal listings.

### Five-year historical TSR performance

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



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



### Role and responsibilities

The Committee is responsible for making proposals to the Boards on the reward policy for Executive Directors. It is also responsible for setting individual reward packages for Executive Directors and for monitoring and approving all share-based incentive arrangements. The Committee meets at least three times a year and, during 2007, it met on five occasions.

### Structure and role

During 2007 David Simon served as Chairman of the Committee with Jeroen van der Veer and Jean-Cyril Spinetta as Non-Executive members. Jean-Cyril Spinetta stepped down as a Director in September 2007. Michael Treschow was appointed a member of the Committee on 6 February 2008.



### Advice and assistance

The Committee does not formally retain remuneration consultants. It seeks professional advice from external advisers as and when required. During 2007, the Committee sought advice from Towers Perrin (an independent firm of human resources specialists) on market data, reward trends and performance related pay. Towers Perrin also provides general consultancy advice to Unilever group companies on employee rewards, pension, communications and other human resource matters.

The Group Secretary attends all Committee meetings and advises on matters of corporate governance.

The Group Chief Executive can be invited to attend Committee meetings to provide his own insights to the Committee on business objectives and the individual performance of his direct reports. Naturally, he does not attend when his own remuneration is being discussed.

During 2007 the Non-Executive Chairman could, in his role as Chairman of the Boards, also attend meetings.

### Remuneration for individual Executive Directors

The following table gives details of the remuneration received in 2007 (including the value of vested share match and options exercised) by each Executive Director individually.

Name and Base Country	Annual Emoluments 2007					Total 2006 '000	Other income arising from long-term incentives and exercise of options in 2007			Grand total 2007 '000	Grand total 2006 '000
	Base salary '000	Allowances and other payments <sup>(a)</sup> '000	Value of benefits <sup>(b)</sup> '000	Bonus <sup>(c)</sup> '000	Total 2007 '000		Option gains '000	Share match '000	TSR/LTIP '000		
Patrick Cescau (UK) <sup>(d)</sup>	€1 426 [£973]	€129 [£88]	€47 [£32]	€2 346 [£1 600]	€3 948 [£2 693]	€2 727 [£1 860]	€50 [£34]	€63 [£43]	–	€4 061 [£2 770]	€2 940 [£2 005]
Kees van der Graaf (NL)	€798 [£544]	€27 [£19]	€9 [£6]	€988 [£674]	€1 822 [£1 243]	€1 202 [£819]	–	€60 [£41]	–	€1 882 [£1 284]	€1 287 [£877]
Ralph Kugler (UK)	€861 [£587]	€56 [£38]	€11 [£8]	€1 033 [£705]	€1 961 [£1 338]	€1 313 [£895]	–	€53 [£36]	–	€2 014 [£1 374]	€1 414 [£964]
Rudy Markham (UK) <sup>(e)</sup>	€406 [£277]	€9 [£6]	€15 [£10]	€498 [£340]	€928 [£633]	€1 517 [£1 035]	–	€54 [£37]	–	€982 [£670]	€2 111 [£1 440]

(a) Includes: allowance in lieu of company car; blind trust fees compensation; compensation for loss of net income because part of the salary was paid in the Netherlands; entertaining allowance and employers cost for the all-employee savings plan in the Netherlands. All allowances are taxable in the country of residence apart from the entertaining allowance which is currently tax free in the Netherlands.

(b) Includes: benefits for company car; housing (for business use) instead of hotel; medical insurance and private use chauffeur driven cars. Included are benefits that are taxable in the country of residence. In addition, Unilever provides support to Executive Directors in relation to spouse's travel expenses when travelling together on company business. This amount is capped at 5% of base salary and for 2007 totalled €168 559 (£114 991) (including related taxes payable).

(c) Bonus of the year 2007. Includes: the value of both the cash element and the element paid in shares of NV and PLC. In addition to the element of the bonus paid in shares each Executive Director is awarded, on a conditional basis, an equivalent number of matching shares.

(d) Group Chief Executive.

(e) Rudy Markham stepped down as Director at the May 2007 AGMs. He retired from Unilever at 31 October 2007. In the table above are the emoluments for the period January – May 2007. His emoluments for the period June – October were in total: €1 140 000 (£777 708).

Figures have been translated into euros using the following exchange rate: €1 = £0.6822 (2006: €1 = £0.6818).

The Summary Financial Statement was approved by the Boards of Directors on 10 March 2008.

**M Treschow**  
Chairman

**P Cescau**  
Group Chief Executive