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Certain sections of the Unilever Annual Report and Accounts 2006 have been audited. Sections that have been audited are set out on pages 70 to 123, 129 to 130, 132 to 134 and 137 to 139. The auditable part of the Directors' Remuneration report as set out on page 49 has also been audited.

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Report of the Nomination Committee

Composition

During 2006 the Nomination Committee comprised three Independent Non-Executive Directors and the Chairman of Unilever. David Simon chaired the Committee from 9 May 2006, taking over from Bertrand Collomb. Other members in 2006 were Jean-Cyril Spinetta, as from 9 May 2006, and Jeroen van der Veer and Antony Burgmans. The Joint Secretaries act as secretaries to the Committee.

The Boards are of the view that it is appropriate that the Chairman is included as a member of the Committee on the express condition that he does not participate in any discussion of his own position.

Remit

The Committee recommends to the Boards candidates for the positions of Executive and Non-Executive Director, Chairman, Vice-Chairman and Senior Independent Director. The Committee is concerned with succession planning within the Boards. The Committee also has responsibility for oversight of all matters relating to corporate governance and brings any issues to the attention of the Boards. The Committee uses the services of recruitment consultants and other external experts. The Boards conduct a process of evaluation of their own performance each year. This includes a review of each Board Committee's performance.

The remit of the Committee and the information used by it for succession planning are available on our website www.unilever.com/investorcentre/corpgovernance. Also on the website are the procedures for evaluation of the Boards and individual Directors. The results of the evaluations are provided to the Committee when it discusses the nominations for election as Directors, who offer themselves for re-election every year.

In nominating Directors to the Boards, the Committee follows an agreed Board Profile of potential Non-Executive Directors, which takes into account the roles of Non-Executive Directors set out in the Dutch Corporate Governance Code and the UK Combined Code. Under the terms of the Governance of Unilever the Boards should comprise a majority of Non-Executive Directors and the Profile provides that three of these have strong financial experience, and staff the Audit Committee. To represent Unilever's areas of interest, the Profile also indicates there should be a strong representation from Developing and Emerging markets as well as from Europe and North America. Non-Executives should be independent of Unilever and free from any conflicts of interest. The Profile looks at diversity in terms of nationality, race, gender and relevant expertise and directs that, wherever possible, the Boards should reflect Unilever's consumer base. For more details see www.unilever.com/investorcentre/corpgovernance.

Meetings of the Committee

The Committee met six times in 2006. All but one meeting were fully attended. The Committee proposed the nomination of all Directors offering themselves for re-election at the AGMs in 2006. In 2006, the Committee also proposed the nomination of four new Non-Executive Directors.

These were Charles Golden, Byron Grote, Kees Storm and Jean-Cyril Spinetta. They were chosen specifically for their financial and general business expertise. The first three are members of the Audit Committee, with Kees Storm in the chair. Jean-Cyril Spinetta is a member of the Nomination Committee and the Remuneration Committee.

During the year the Committee conducted the search for a new Chairman to succeed Antony Burgmans, who retires at the 2007 AGMs. The Committee followed a thorough process supported by an independent consultant. The process resulted in the Committee's recommendation to the Boards to nominate Michael Treschow as Antony Burgmans' successor. The Committee is pleased to have identified an excellent candidate, who fully meets the criteria set for the Chairman's role. Upon appointment Michael Treschow will be the first independent non-executive Chairman of Unilever.

The Committee has initiated the search process aimed at identifying candidates for the role of Chief Financial Officer, following the retirement of Rudy Markham at the 2007 AGMs. For this purpose an outside executive search firm has been engaged.

Also with the support of independent consultants the Committee continued its search for new Non-Executive Directors to strengthen the Boards' knowledge in IT and science as well as to increase representation from the D&E markets and enhance diversity of both background and expertise.

The nominations of Genevieve Berger, Hixonia Nyasulu and Narayana Murthy are the result of this search. The Committee is of the view that they, if appointed, would be a very valuable addition to the Boards' composition.

The Committee commissioned an outside consultant to support it in carrying out the 2006 evaluation of the Boards, the Chairman, the individual Directors and the Board Committees. The results of this evaluation have been presented to and discussed by the Boards. The overall conclusion is that Boards and Board Committee performance is in line with that of its peer group.

David Simon Chairman of the Nomination Committee
Antony Burgmans
Jean-Cyril Spinetta
Jeroen van der Veer

Report of the Audit Committee

The role of the Audit Committee is to assist the Unilever Boards in fulfilling their oversight responsibilities regarding the integrity of Unilever's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the performance of the internal audit function. During the year ended 31 December 2006 the principal activities of the Committee were as follows:

Financial statements

The Committee considered reports from the Chief Financial Officer on the quarterly and annual financial statements and reviewed the Annual Report and Accounts prior to publication.

Audit of the Annual Accounts

PricewaterhouseCoopers, Unilever's external auditors, reported in depth to the Committee on the scope and outcome of the annual audit. Their reports included accounting matters, governance and control, and accounting developments.

Risk management and internal control arrangements

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

- review of level of disclosure in quarterly financial results announcements;
- review of accounting principles and judgements with respect to financial statements;
- review of management's risk assessments in relation to the NV preference shares issued in 1999;
- Corporate Audit's interim and year-end reports on the Status of Risk Management and Control, and management's response;
- annual report from the Chief Financial Officer on business risks and positive assurance on operating controls and corporate policies; and a quarterly review of business risks and safeguards;
- the interim and year-end reports from the Code of Business Principles Compliance Committee;
- monitoring the resolution of complaints received through the global Ethics hotline which included a procedure for handling complaints and concerns relating to accounting, internal control and auditing matters;
- quarterly review of progress of the implementation of the requirements under Section 404 of the Sarbanes-Oxley Act of 2002 with respect to internal controls over financial reporting;
- review of the application of information and communication technology;
- a review of the annual pension report and pensions related accounting and proposals;
- annual review of anti-fraud arrangements;
- a review of tax planning policy; and
- review of treasury policies and consideration of proposals relating to capital injection, debt issuance, investment hedge and dividends.

External auditors

The Audit Committee conducted a formal evaluation of the effectiveness of the external audit process and carried out a formal review of the appointment of external auditors in October 2006. The Committee has approved the extension of the current external audit contract by one year, and recommended to the Boards the reappointment of the external auditors. On the recommendation of the Audit Committee, the Directors will be proposing the reappointment of PricewaterhouseCoopers at the AGMs in May 2007 (see pages 135 and 140).

Both Unilever and the auditors have for many years had safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. The Committee reviewed the report from PricewaterhouseCoopers on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence from Unilever. The UK lead partner in charge of the audit, who was appointed in 2001, rotated off at the 2006 AGM and a new lead partner was appointed in May 2006, and assumed responsibility for the audit of the 2006 accounts.

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

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

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

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

Internal audit function

The Committee engaged in discussion and review of the Corporate Audit Department's audit plan for the year, and approved its budget and resource requirements.

The Committee carried out a formal evaluation of the performance of the internal audit function and confirmed that they were satisfied with their relationship with the Chief Auditor.

The Committee held independent meetings with the Chief Auditor during the year.

Audit Committee terms of reference

The Audit Committee's terms of reference can be viewed on Unilever's website at www.unilever.com or supplied on request. In February 2006, the terms of reference were updated to reflect requirements under the Dutch Corporate Governance Code that the Audit Committee has oversight of the policy of the Group on tax planning, the financing of the Group, and the applications of information and communication technology.

The Audit Committee carried out a self-assessment of its own performance.

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

Report of the Corporate Responsibility and Reputation Committee

Terms of reference

In 2006, the Committee revised its name and terms of reference and made the following adjustments:

- the members of the Committee will include the Executive Director who chairs the Corporate Responsibility Council;
- the Committee has oversight of and will make recommendations to the Boards on Unilever's conduct with regard to corporate and societal obligations and its reputation as a responsible corporate citizen;
- it will ensure that appropriate communications policies are in place and working effectively to build and protect Unilever's reputation internally and externally; and
- it will provide oversight and guidance on the environmental and social impact of how Unilever conducts its business.

The full text of the Committee's terms of reference can be found on Unilever's website at www.unilever.com.

Meetings

In its four meetings held in 2006, the Committee focused on a review of its terms of reference, implementation of Unilever's Code of Business Principles and its supplier code, corporate responsibility strategy as defined by the newly established Corporate Responsibility Council (consisting of executive members from supply chain, SEAC, communications and regional representatives), Unilever's role in the Investment Climate Facility for Africa and policy issues such as biofuels.

The Committee welcomed the visibility and importance given to the Code by Executive Directors as an important mechanism to ensure that Unilever operates as a good corporate citizen. The Committee reviewed the programme for further embedding of the code in Unilever's business operations, including the training module to keep the code alive and understood.

Unilever's lead role in the Investment Climate Facility for Africa, launched at the World Economic Forum in Cape Town in June, was discussed. This initiative is supported by several companies,

governments, the EU Commission and the World Bank. Unilever's commitment to help drive development and growth in Africa through public/private partnerships was fully endorsed.

The Committee noted good progress made on redefining Unilever's corporate environmental strategy.

The important role and impact that values-led product brands have on the health and prosperity of the communities Unilever serve was discussed and the CEO leadership role recognised (Social Innovation: How values-led brands are helping to drive business strategy, speech by Patrick Cescau, available on Unilever's website at www.unilever.com).

Policy issues discussed included Unilever's strategy on biofuels. First generation biofuels are made from rapeseed oil and other ingredients generally used for food, while second generation biofuels are made from materials including wood, straw, pulp and waste. Members supported Unilever's position to improve energy efficiency and set targets for the use of renewable energy with the aim of combating climate change causes. Members also agreed that biofuels can play an important role as an alternative energy provided they meet the criteria of being sustainable, efficient and not having a negative impact on public health. It was agreed that second generation biofuels would meet these criteria. Unilever should develop a strategy geared towards promoting that more resource, particularly in R&D, be allocated to accelerating the introduction of second generation biofuels and other sustainable, cost-effective sources of renewable energy.

Lynda Chalker Chair of the Corporate Responsibility and Reputation Committee

Leon Brittan

Antony Burgmans

Wim Dik

Ralph Kugler Executive Director