

**SCHEDULE 6
NV DIRECTORS' REPORT**

**THIS REPORT COMPRISES THE DIRECTORS' REPORT FOR THE PURPOSES OF
SECTIONS 2:313 AND 2:327 OF THE DUTCH CIVIL CODE**

**PROPOSED CROSS-BORDER MERGER OF
UNILEVER PLC**

AND

**UNILEVER N.V.
Directors' Report
By the Unilever N.V. Board**

DATED 7 AUGUST 2020

NV DIRECTORS' REPORT

THE UNDERSIGNED:

- 1 Nils Andersen;
- 2 Alan Jope;
- 3 Graeme Pitkethly;
- 4 Laura Cha;
- 5 Vittorio Colao;
- 6 Dr Judith Hartmann;
- 7 Andrea Jung;
- 8 Susan Kilsby;
- 9 Strive Masiyiwa;
- 10 Youngme Moon;
- 11 John Rishton; and
- 12 Feike Sijbesma,

together constituting the entire board of directors of Unilever N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, registered at the Dutch Trade Register under number 24051830 and its corporate seat in Rotterdam, the Netherlands, and address at Weena 455, 3013 AL Rotterdam, the Netherlands ("NV").

1 Common Draft Terms of Merger; further information

- 1.1 In this directors' report, capitalised terms have the meaning given thereto in the Common Draft Terms of Merger prepared by NV and PLC.
- 1.2 Further information on the Cross-Border Merger, which is not required to be included in this document pursuant to the Dutch Civil Code, will be made available by PLC and NV on the Unilever website at www.unilever.com/unification. Shareholders and other interested parties are encouraged to also read the other materials made available.

2 Reasons for the Cross-Border Merger

- 2.1 On 11 June 2020, Unilever announced plans to unify the Unilever Group's legal structure under a single parent company, PLC, creating a simpler company with greater strategic flexibility, that is better positioned for future success. This Unification follows the significant measures which were taken in 2018 to simplify the share capital structure and is a natural next step for the Unilever Group, removing complexity and further strengthening the Unilever Group's corporate governance.
- 2.2 PLC and NV are separate, publicly-held parent holding companies. They jointly own the Unilever Group and together hold, directly or indirectly, all of the subsidiaries of the Unilever Group, through which the Unilever Group's business and financing activities are carried out.
- 2.3 After a comprehensive review over the last 18 months, the Boards continue to believe that moving from the current dual-headed legal structure to a single parent company will bring significant benefits by:
 - Increasing Unilever's strategic flexibility for portfolio evolution, including through equity-based acquisitions or demergers. Such flexibility is even more important as Unilever anticipates the increasingly dynamic business environment that the COVID-19 pandemic will create.
 - Removing complexity and further strengthening Unilever's corporate governance, creating for the first time an equal voting basis per share for all shareholders. Upon completion, there would be one market capitalisation, one class of shares and one global pool of liquidity, whilst maintaining the Unilever Group's listings on the Amsterdam, London and New York stock exchanges.
- 2.4 Unilever remains committed to its strategy of long-term growth across all three Divisions and last year began a full evaluation of its current categories and brands, with a view to accelerating the pace of portfolio change. This review has underlined how a simpler legal structure would give Unilever greater

strategic flexibility to grow shareholder value, providing a catalyst for accelerated portfolio evolution and greater organisational autonomy.

- 2.5 The ongoing strategic review of Unilever's Tea business has further demonstrated that the dual-headed legal structure can create disadvantages for the Unilever Group. For example, a demerger of the Tea business is one potential outcome of the review and, as was previously the case with the disposal of the Unilever Group's Spreads business, this would be significantly more challenging under the current legal structure than under a single parent structure.
- 2.6 It is also clear that the COVID-19 pandemic will create a business environment in which having as much flexibility and responsiveness as possible will be critically important.
- 2.7 The Boards have conducted an extensive review of potential single-parent company structures and the best means to achieve the unification of the existing dual-headed legal structure. The Boards considered many factors including in particular tax, regulatory and legal matters and the fact that the Unilever Group has operated effectively for many years with parent companies incorporated in both the Netherlands and the United Kingdom to deliver long-term growth for all its shareholders.
- 2.8 Having considered all of these factors, the Boards consider unification under PLC as the best practical option to achieve Unilever's objectives of creating a simpler company, with greater strategic flexibility, that is better positioned for future success in light of a business environment in which having as much flexibility and responsiveness as possible will be critically important.
- 2.9 The Board believes that achieving Unification under PLC through the Cross-Border Merger is the most efficient of the options available. Alternative routes to achieve Unification under PLC are possible, for example through a Dutch tender offer, although this would be a lengthier and more complex transaction.

3 Consequences with respect to the activities of PLC and NV

- 3.1 It is intended that PLC will continue the activities of NV in the same manner.
- 3.2 Pursuant to special provisions in the articles of association of PLC and NV and the Foundation Agreements, PLC and NV, together with their group companies, operate as nearly as practicable as a single economic entity. These special provisions and agreements enable Unilever to achieve unity of management, operations, shareholders' rights and purpose.
- 3.3 The Equalisation Agreement regulates the mutual rights of the shareholders of NV and PLC and requires PLC and NV to adopt the same financial periods and accounting policies. It also provides that the dividends paid on every NV Share at the relevant rate of exchange shall be equal in value to the dividend paid on every PLC Share. Furthermore, the Equalisation Agreement provides for the distribution of assets to shareholders if one of PLC or NV goes into liquidation whether compulsory or voluntary.
- 3.4 The Deed of Mutual Covenants facilitates unity of operations and provides, amongst other things, for the allocation of assets within the Unilever Group.
- 3.5 The Agreement for Mutual Guarantees of Borrowing provides that each of NV and PLC, will, if asked by the other, guarantee the borrowings of the other. The two companies can also agree jointly to guarantee the borrowings of their subsidiaries. These arrangements are used for certain significant public borrowings and enable lenders to rely on the combined financial strength of the Unilever Group.
- 3.6 As a result of these arrangements, PLC and NV form a single reporting entity for the purposes of preparing consolidated financial statements. Each PLC Share (including each PLC Share represented by a PLC ADS) represents the same underlying economic interest in the Unilever Group as each NV Ordinary Share and each NV NYRS. As a result, parity between the economic rights of the respective shareholders of PLC and NV has been maintained.
- 3.7 As part of the preparations for Unification, the Unilever Group will implement an internal reorganisation of certain assets and liabilities prior to the CBM Effective Date. This reorganisation will include: (i) a Dutch statutory demerger of NV's listed bonds and related intra-group receivables; (ii) a Dutch statutory demerger of all intellectual property and trademarks and certain related assets and liabilities held by NV as described below (the "**Dutch IP Demerger**"); (iii) a contribution of certain or all of NV's directly held subsidiaries and other assets and liabilities; and (iv) a Dutch statutory demerger of certain pensions liabilities, all of which will result in such assets, liabilities and subsidiaries being held by wholly-owned subsidiaries of NV incorporated in the Netherlands. Following the implementation of Unification, all of the shares in these subsidiaries will be directly or indirectly owned by PLC.

- 3.8** Unification will require new intra-group arrangements to be put in place in respect of intellectual property among Unilever Group companies in respect of the intellectual property rights jointly owned by PLC and NV as these are currently provided for in the Foundation Agreements, which will come to an end upon implementation of Unification (as NV will cease to exist). As part of the preparations for Unification, intellectual property rights held by PLC will be transferred to a wholly-owned subsidiary of PLC incorporated in the UK and NV will implement the Dutch IP Demerger under which intellectual property rights held by NV will be demerged to a wholly-owned subsidiary of NV, which will be incorporated in the Netherlands upon the demerger. New intra-group licensing and related arrangements will then be put in place.
- 3.9** On completion of the Cross-Border Merger all assets and liabilities of NV, including financial indebtedness of NV and guarantees given by NV in respect of financial indebtedness, will be assumed by PLC with effect from implementation of Unification and the Foundation Agreements will come to an end. Therefore, all debt which benefits from a guarantee from PLC and NV, or other group companies, will continue to benefit from an equivalent covenant.
- 3.10** A number of statutory parent company guarantee arrangements provided by NV to its relevant Dutch subsidiaries will terminate upon or pursuant to the implementation of Unification. Therefore, PLC will enter into arrangements in place of these statutory parent company guarantee arrangements on or before the CBM Effective Date.

4 Consequences from an economic perspective

The Cross-Border Merger will result in a unification of the Unilever Group's corporate structure by moving to a single holding company structure. The economic consequences thereof are reflected in paragraph 2 above.

5 Consequences of the Cross-Border Merger from a legal perspective

The consequences of the Cross-Border Merger from a legal perspective are described in paragraph 8 (*Consequences of the Cross-Border Merger*) of the Common Draft Terms of Merger.

6 Consequences of the Cross-Border Merger from a social perspective

- 6.1** The consequences of the Cross-Border Merger from a social perspective are described in paragraph 21 (*Likely effects of the Cross-Border Merger on PLC and NV employees*) of the Common Draft Terms of Merger.
- 6.2** The Cross-Border Merger is not expected to have any direct consequences on employment for NV. The terms and conditions of employment of employees of subsidiaries of NV and PLC will also not be affected by the Cross-Border Merger.
- 6.3** There will be no changes to the operations, locations, activities or staffing levels in either the Netherlands or the United Kingdom as a result of the Cross-Border Merger. There will also be no changes to the manufacture and supply of Unilever products in the Netherlands or the United Kingdom as a result of the Cross-Border Merger.
- 6.4** There will be no significant changes to Unilever's footprint in the Netherlands as a result of the Cross-Border Merger, in either jobs or investment. The headquarters of our Beauty & Personal Care and Home Care Divisions will continue to be based in London and the headquarters of our Foods & Refreshment Division will continue to be based in Rotterdam. Unilever's employment of around 6,000 people in the UK and 2,500 people in the Netherlands will be unaffected by the Cross-Border Merger.

7 Determination of the CBM Exchange Ratio

- 7.1** Pursuant to the Equalisation Agreement, one PLC Share confers an equivalent economic interest to one NV Share. In the Cross-Border Merger, based on the CBM Exchange Ratio (1:1), former NV Shareholders and NV NYRS Holders will receive one New PLC Share or New PLC ADS (as relevant) for each of their NV Ordinary Shares or NV NYRSs. The CBM Exchange Ratio reflects the 1:1 equalisation ratio set out in the Equalisation Agreement, and ensures that NV Shareholders and NV NYRS Holders will receive New PLC Shares or New PLC Shares (represented by New PLC ADSs) that represent an equivalent economic interest in the Unilever Group as was represented by their NV Shares and NV NYRSs.
- 7.2** Therefore, the NV Board considers the CBM Exchange Ratio (1:1) fair to all shareholders of NV and PLC.

- 7.3** The CBM Exchange Ratio results in an NV Share having the same economic interest as a PLC Share, and, subject to any rights exercised under the withdrawal mechanism described in paragraph 18 (*Withdrawal mechanism under Dutch Law*) of the Common Draft Terms of Merger, the aggregate number of NV Shares and NV NYRSs as at the Latest Practicable Date, on a fully diluted basis, representing approximately 55.56% of the Unilever Group. Further information on the valuation of NV and PLC is included in paragraph 12 (*Goodwill and distributable reserves; valuation of assets*) of the Common Draft Terms of Merger.
- 7.4** No other methods than the abovementioned method to determine the CBM Exchange Ratio have been used. Therefore, the relative weight of other possible methods is not addressed in the explanatory notes to the Common Draft Terms of Merger.
- 7.5** There have been no particular difficulties in preparing the valuation of the assets and liabilities which will be transferred to PLC or with the determination of the CBM Exchange Ratio.

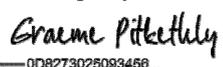
**THIS DIRECTORS' REPORT has been signed on the date stated at the beginning of this document by:
Unilever N.V.**

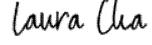
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Name: N.S. Andersen
Title: *Chairman*

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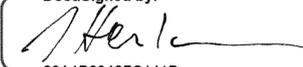
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Name: A.C. Jope
Title: *Chief Executive Officer*

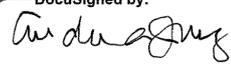
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Name: G.D. Pitkethly
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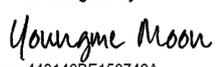
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