Disclaimer

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Certain sections of the Unilever Annual Report and Accounts 2020 have been audited. These are on pages 112 to 167, and those parts noted as audited within the Directors' Remuneration Report on pages 90 to 99.

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The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the reservations specified in the cautionary statement on the inside back cover of this PDF.

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Directors' Remuneration Report

Committee members and attendance

	Attendance
Andrea Jung Chair	7/7
Vittorio Colao (Member and Chair until 18 February 2021)	7/7
Nils Andersen	7/7
Laura Cha (Member as from 30 April 2020)	4/4
Marijn Dekkers (Member until 30 April 2020)	3/3

This table shows the membership of the Compensation Committee (Committee) together with their attendance at meetings during 2020. Attendance is expressed as the number of meetings attended out of the number eligible to be attended.

Letter from the Chair

Dear shareholders,

As the Committee Chair, I am pleased to present Unilever's Directors' Remuneration Report 2020. In the sections below, I set out:

- our business performance in 2020 and how it links to key remuneration outcomes for the year; and
- our new Remuneration Policy, which is being presented for shareholder approval at the May 2021 AGM.

Business performance and remuneration

Unilever demonstrated in 2020 resilience and agility in the face of an unprecedented and continuing global crisis.

Throughout the Covid-19 pandemic, Unilever acted decisively to place health, safety and wellbeing of our people worldwide at the forefront of our decisions during this extraordinary period. Our supply chain teams and frontline employees maintained production levels across 290 manufacturing sites and were able to ensure the supply of essential hygiene and food products. We protected our workforce from sudden drops in pay arising from market disruption or from being unable to undertake their role. This protection covered not only our employees but also contractors and others who we manage or who work on our sites, on a full- or part-time basis. Unilever has delivered this protection without seeking any direct financial support from any government worldwide.

During 2020, Unilever moved quickly to focus the business on competitive growth, absolute underlying operating profit and Free Cash Flow delivery. The business responded swiftly to shifts in customer demand patterns. Growth was driven by hand and home hygiene products and in home food and refreshments. Food service and out of home ice cream sales declined, impacted by channel closures. As people stayed at home and had fewer opportunities to socialise, they spent less time on personal care which impacted sales in much of the Beauty and Personal Care business. Online channels grew strongly, and our e-commerce business grew significantly. Alongside growing competitively with an increase in underlying sales of 1.9%, Unilever generated underlying operating profit of €9.4 billion and Free Cash Flow of €7.7 billion, an increase of €1.5 billion compared to the prior year.

Unilever maintained its quarterly shareholder dividend throughout the year, and increased it in the fourth quarter, reflecting our confidence in the prospects for our business as the impact of the pandemic on our markets became clearer.

Outcomes for 2020 annual bonus

The formulaic outcome for the 2020 annual bonus plan against targets that were set before the Covid-19 pandemic came into view was 48% as detailed in the chart on page 90.

After careful consideration, the Committee decided neither to change the targets in response to the pandemic nor to exercise discretion on the formulaic outcome, which therefore will be applied for the Executive Directors and members of the Unilever Leadership Executive (ULE).

Accordingly, the Committee confirmed a bonus of 48% of target opportunity for both the CEO Alan Jope (resulting in a bonus of 72% of fixed pay against a target of 150%), and the CFO Graeme Pitkethly (resulting in a bonus of 58% of fixed pay against a target of 120%).

Outcomes for GSIP and MCIP vesting in 2021

Whilst we have fallen short of our multi-year 3-5% growth ambition, we were well on track to achieve our Underlying Operating Margin improvement (UOM) ambition of 20% before the impact of Covid-19. Our Free Cash Flow was well ahead of target and our Return On Invested Capital (ROIC) was in the high teens. We faced challenges delivering our Underlying Earnings Per Share (EPS) Growth targets due to the negative impact of Covid-19 and the headwind of elevated translation currency impacts. Over the past three years (2018-2020) Total Shareholder Return (TSR) did not reach the threshold for vesting. We continued to make strong progress on our USLP agenda, achieving a 130% outcome for the Sustainability Progress Index.

After careful consideration, the Committee decided neither to change the targets for these long-term incentive plans in response to the pandemic nor to exercise discretion on the formulaic outcomes. The following outcomes therefore will be applied for respective Executive Directors and members of the Unilever Leadership Executive (ULE).

The formulaic outcome for the 2017-2020 Management Co-Investment Plan (MCIP) was 83% of target as detailed in the chart on page 92, (corresponding to a vesting of 42% of the maximum of 200% for our two Executive Directors), as detailed on page 92.

The formulaic outcome for the 2018-2020 Global Share Incentive Plan (GSIP) was 52% of target as detailed in the chart on page 91 corresponding to a vesting of 26% of the maximum of 200% for the CFO (who received an award in 2018 under this plan), as detailed on page 91.

Our new Remuneration Policy for 2021

Our Remuneration Policy was last approved at the May 2018 AGM. Consequently, it reaches the end of its three-year approval period and a new Remuneration Policy is being presented for shareholder approval at the May 2021 AGM.

The Committee has closely monitored the external environment on pay together with shareholder views and feedback from employees at all levels on the current reward structure.

The key changes we are proposing to make to our Executive Directors' Remuneration Policy are to:

- replace the current long-term incentive plan, MCIP, with a new Performance Share Plan (PSP) that is entirely separate from the annual bonus plan;
- replace the voluntary investment of bonus through MCIP with a mandatory deferral of 50% of the annual bonus in shares for three years;
- set performance measures for the PSP that are strategically aligned with the business, as outlined below; and
- reduce the long-term performance period from four to three years while maintaining a five-year period from award to release on PSP by increasing the retention period from one year to two years.

The Committee is making these changes to:
- simplify remuneration arrangements;
- enable the Committee to set stretching but achievable performance targets over realistic timeframes;
- make incentives more resilient and less dependent on the outcome of the short term incentive;
- deleverage incentives by separating the short- and long-term incentive plans (that were previous linked through MCIP);
- reduce maximum pay;
- maintain our Executive Directors' overall pay at a relatively restrained level compared to peers; and
- more closely align Unilever's reward structure with standard market practice.

Having undertaken an extensive consultation exercise before finalising the new Remuneration Policy, the Committee believes it can be fully supported by the great majority of our shareholders.

As with our previous Reward Framework, Unilever will cascade the new approach across our 14,400+ managers throughout the whole business worldwide. Many of the most junior colleagues have shared feedback that they find the current MCIP structure complex and financially burdensome, which may negatively impact the motivational effectiveness of current remuneration arrangements. The Committee is satisfied that the new structure addresses these issues, and is therefore confident that the new approach will be well received by employees.

Changes to Remuneration Policy

The key changes in the new Executive Directors' Remuneration Policy are summarised in the following sections.

Change in target and maximum pay levels

In moving from the current MCIP to the proposed PSP structure, the annual bonus opportunity remains unchanged while the potential value of the long-term PSP has been increased at target and decreased at maximum. The overall result is an increase in target pay of 13%/12% for the CEO/CFO respectively and decrease in maximum pay of 6% for both individuals.

As fixed pay and annual bonus remain unchanged, the increase in target pay opportunity can only be realised through the delivery of long-term performance against stretching three-year performance conditions with any such award held in Unilever shares for a further two years. This strengthens alignment of Executive Directors' pay to the long-term performance of the business and the shareholder experience, while reducing the level of maximum pay.

In determining the quantum for pay, the Committee did consider external benchmarking data against a group of comparable major European companies, as detailed on page 79. Whilst the Committee is neither led by benchmarking data, nor targets a specific benchmark position, this data provides an important reference point to ensure that pay levels for the Executive Directors of Unilever are not significantly out of line with the market. Under the proposed policy, total target compensation is around lower quartile for our CEO and around median for our CFO. The Committee is mindful that this relatively low market position is in contrast to Unilever's market capitalisation in the top quartile of the comparator group. The Committee believes this market benchmarking data clearly shows that the proposals do not provide excessive levels of remuneration versus the market. Furthermore, the Committee believes that a lower level of target compensation than proposed would create undue risks in terms of retention and or any future recruitment.

Incentive performance measures for 2021

Our proposed annual bonus policy continues to state that at least 70% of measures must be financial in nature. For 2021 all of our proposed measures are financial and they are the same as for 2020:
- Underlying Sales Growth (1/3);
- Underlying Operating Margin (1/3);
- Free Cash Flow (1/3).

The Committee continues to believe that these are the best measures to assess one year financial performance at Unilever.

We are proposing a new set of metrics for our long-term incentive, PSP, to further strengthen strategic alignment to the company's longer term aims:
- Competitiveness: % Business Winning Market Share (25%);
- Cumulative Free Cash Flow (25%);
- Return On Invested Capital (ROIC) (25%);
- Sustainability Progress Index (25%).

The rationale for each of the proposed PSP performance measures for 2021 is set out below:
- Competitiveness: % Business Winning Market Share: Winning market share across our portfolio is a key strategic driver for long-term sustainable growth. Accordingly, this measure assesses, each year, the aggregate turnover of portfolio components (country/category cells) where Unilever is gaining market share as a % of total turnover that is measured by market data. It measures what proportion of our revenue is being generated when growing market share versus our competitors. In adopting this measure, the Committee has confirmed the focus on gaining share across the breadth of our portfolio and believes this is the best method to track progress. As with other measures, the Committee will undertake a supplementary evaluation, to confirm that the outcome of this measure provides a good and fair assessment of how competitiveness is contributing to Unilever's growth performance.
- Cumulative Free Cash Flow measure: Free Cash Flow from operating activities in current currency ensures sufficient cash is available to fund a range of strategic capital allocation choices.
- Return On Invested Capital (ROIC): Supports disciplined investment of capital within the business and encourages acquisitions which create long-term value.
- Sustainability Progress Index (SPI): Building a sustainable business that benefits multiple stakeholders continues to be Unilever's Business model. Consequently, the Committee has resolved to retain SPI as a long-term performance measure.

Engaging with shareholders

Before finalising the new Remuneration Policy, the Committee consulted with shareholders, and major proxy advisers including the Investment Association, ISS, Glass Lewis, Hermes and Eumedion on the new Policy. I would like to take this opportunity to thank all of the shareholders and proxy voting agencies for their time spent engaging with us and providing commentary on our proposed changes to our Directors' Remuneration Policy.

Through this consultation process, the Committee was pleased to receive overwhelming support for the main structural changes to our Remuneration Policy. In particular, shareholders were supportive of delinking the annual bonus from the long-term incentive opportunity through the discontinuation of MCIP and its replacement with the new PSP, together with mandatory deferral of half the annual bonus award in Unilever shares for three years.

Directors' Remuneration Report continued

During our consultation process, a significant number of investors expressed a strong view that they would prefer ROIC to be retained as a performance measure within the PSP instead of the introduction of relative total shareholder return (TSR), as we had originally proposed. The Board is committed to generating superior returns on capital for our investors and whilst the Committee felt that a relative TSR measure would more closely reflect the shareholder experience we reflected on the feedback and decided to retain ROIC within the PSP, in line with the views expressed by shareholders.

Some shareholders asked if we will maintain the current policy limits to discretion i.e. that formulaic incentive outcomes can be adjusted upwards and downwards by up to 25% for annual bonus and 10% for the long-term incentive. In line with the UK Corporate Governance Code and best practice the Committee decided to remove these limits so that the Committee can use discretion fully to override any formulaic outcome (including to nil) that does not accurately reflect the outcome the Committee considers to be appropriate to the circumstances.

Executive Director fixed pay increases

There will be no fixed pay review for the Executive Directors in the first half of 2021. Such a review will take place in the second half of 2021, with any potential changes based on performance, external circumstances and salary increases for the wider workforce.

CEO and CFO Target Total Pay

	Alan Jope CEO €'000 p.a.		Graeme Pitkethly CFO €'000 p.a.	
	Proposed Policy	Current Policy	**Proposed Policy**	Current Policy
Fixed pay	**1,508**	1,508	**1,136**	1,136
Bonus (% fixed pay)	**2,262 (150%)**	2,262 (150%)	**1,363 (120%)**	1,363 (120%)
PSP (% fixed pay)	**3,016 (200%)**	n/a	**1,817 (160%)**	n/a
MCIP* Match share award	**n/a**	2,273 (150%)	**n/a**	1,370 (120%)
Total Compensation	**6,786**	6,043	**4,316**	3,869

CEO and CFO Maximum Total Pay

	Alan Jope CEO €'000 p.a.		Graeme Pitkethly CFO €'000 p.a.	
	Proposed Policy	Current Policy	**Proposed Policy**	Current Policy
Fixed pay	**1,508**	1,508	**1,136**	1,136
Bonus (% fixed pay)	**3,393 (225%)**	3,393 (225%)	**2,045 (180%)**	2,045 (180%)
PSP (% fixed pay)	**6,032 (400%)**	n/a	**3,635 (320%)**	n/a
MCIP* Match share award	**n/a**	6,820 (450%)	**n/a**	4,110 (360%)
Total Compensation	**10,933**	11,721	**6,816**	7,291

The figures in these tables are calculated pursuant to UK requirements.

* MCIP at maximum (67%) investment of bonus.

Engaging with employees

As previously announced, the Board decided to share the responsibility for workforce engagement among all Non-Executive Directors to ensure that all Directors have a collective responsibility for bringing employee views into relevant board discussion. We continued these engagements in 2020, see page 63 for a summary of the discussions that took place. I also communicated to all employees to provide an update of Unilever's Executive Directors' remuneration, highlighting how this aligns with employees' remuneration and with our medium and long-term purpose and strategy. In the context of the renewal of the Remuneration Policy the Committee was briefed on employee feedback on the introduction of the new Reward Framework that was gathered through surveys, interviews, focus groups and consultation with the relevant employee representative bodies. See page 84.

Implementation report

The annual report on remuneration in this report describes 2020 remuneration in detail together with the planned implementation of the proposed Remuneration Policy in 2021 (including remuneration decisions for 2021). It also includes a description of the Committee's key activities in the year.

On behalf of the Committee and the entire Board, I thank all shareholders and their representatives for their constructive engagement in 2020 and look forward to your support for our remuneration related proposals at the 2021 AGM.

Andrea Jung
Chair of the Compensation Committee

Directors' Remuneration Policy

Policy report

The following sets out our new Directors' Remuneration Policy (the Remuneration Policy). It fundamentally continues our existing policy principles with some key proposed changes, which are discussed below.

This new Remuneration Policy will be presented for approval by shareholders at the 2021 AGM and, if approved, will apply to payments made after that date and will replace the existing remuneration policy in its entirety. It is intended that the new Remuneration Policy will apply for three years, although the Committee may seek approval for a new policy at an earlier point if it is considered appropriate. The supporting information section provides the rationale for any changes from the existing remuneration policy where appropriate.

Fixed pay

Purpose and link to strategy

Supports the recruitment and retention of Executive Directors of the calibre required to implement our strategy. Reflects the individual's skills, experience, performance and role within the Group.

Operation

Set by the Board on the recommendation of the Committee and generally reviewed once a year, with any changes usually effective from 1 January (although changes may be made at any other time if the Committee considers that is appropriate).

Fixed pay is paid in cash and is generally paid monthly. Fixed pay is set at an appropriate level to attract and retain Executive Directors of the required calibre, taking into account:
- our policy generally to pay at around the median of an appropriate peer group of other global companies of a similar financial size and complexity to Unilever;*
- the individual's skills, experience and performance; and
- pay and conditions across the wider organisation.

Performance measures

n/a

Opportunity

Any increases will normally be in line with the range of increases awarded to other employees within the Group.

Increases may be above this level or applied more frequently in certain circumstances, such as:
- where there is, in the Committee's opinion, a significant change in an Executive Director's scope or role;
- where a new Executive Director has been appointed to the Board at a rate lower than the typical market level for such a role and becomes established in the role; and
- where it is considered necessary to reflect significant changes in market practice.

The maximum aggregate increase for the current Executive Directors during the time in which this policy applies will be no higher than 25% for each Director.

Supporting information

The maximum aggregate increase to fixed pay has been increased to 25% over the life of this Policy. This change is being made to provide the Committee flexibility in the case of any unforeseen circumstances. The Committee would engage with shareholders in the event that a material fixed pay increase is proposed.

* The current peer group includes Anheuser-Bush InBev, Bayer, BP, British American Tobacco, Danone, Diageo, GlaxoSmithKline, Heineken, Hermes Intl., L'Oréal, LVMH, Nestlé, Novartis, Reckitt Benckiser, Royal Dutch Shell, Sanofi, Total and Volkswagen (XET). The peer group used for benchmarking purposes is reviewed regularly and companies are added and/or removed at the Committee's discretion to ensure that it remains appropriate.

Benefits

Purpose and link to strategy

Provides certain benefits on a cost-effective basis to aid attraction and retention of Executive Directors.

Operation

Benefits include provision of death, disability and medical insurance cover, directors' liability insurance and actual tax return preparation costs. Other benefits may be provided in the future where it is considered necessary by the Committee and/or required by legislation.

In the event that Unilever were to require an existing or new Executive Director to relocate, Unilever may pay appropriate relocation allowances for a specified time period of no more than three years. This may cover costs such as (but not limited to) relocation, cost of living, housing benefit, home leave, tax and social security equalisation and education assistance.

Executive Directors are entitled to participate on the same terms as all UK employees in the Unilever PLC Sharebuy Plan.

Opportunity

Based on the cost to Unilever of providing the benefit and dependent on individual circumstances.

Relocation allowances – the level of such benefits would be set at an appropriate level by the Committee, taking into account the circumstances of the individual and typical market practice.

Awards under the all-employee Unilever PLC Sharebuy Plan may be up to HMRC-approved limits. The only change in the value of the current benefits (for single figure purposes) will reflect changes in the costs of providing those benefits.

Performance measures

n/a

Supporting information

There are no changes relative to the previous remuneration policy.

Annual bonus

Purpose and link to strategy

Incentivises year-on-year delivery of rigorous short-term financial, strategic and operational objectives selected to support our annual business strategy and the ongoing enhancement of shareholder value.

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

Operation

Each year Executive Directors may have the opportunity to participate in the annual bonus plan. Executive Directors are set a target opportunity that is assessed against the business performance multiplier of up to 150% of target opportunity at the end of the year.

Directors are required to defer 50% of their bonus into shares or share awards for three years. Deferred bonus awards can earn dividends or dividend equivalents during the vesting period and may be satisfied in cash and/or shares. Deferral may be effected under the Unilever Share Plan, or by such other method as the Committee determines.

Ultimate remedy/malus and claw-back provisions apply (see details on page 81).

Opportunity

The maximum annual bonus opportunity under this Policy is 225% of fixed pay.

The normal target bonus opportunity for the CEO is 150% of fixed pay, and for the CFO is 120% of fixed pay. This results in normal maximums of 225% and 180% respectively.

Achievement of threshold performance results in a payout of 0% of the maximum opportunity.

Performance measures

The business performance multiplier is based on a range of business metrics set by the Committee on an annual basis to ensure that they are appropriately stretching for the delivery of threshold, target and maximum performance. These performance measures may include Underlying Sales Growth (USG), Underlying Operating Margin improvement (UOM) and Free Cash Flow (FCF), along with any other measures chosen by the Committee, as appropriate. The Committee also sets the weightings of the respective metrics on an annual basis.

The Committee has discretion to adjust the formulaic outcome of the business performance multiplier, if it believes this better reflects the underlying performance of Unilever. In any event, the overall business performance multiplier will not exceed 150%. The use of any discretion will be fully disclosed in the directors' remuneration report for the year to which discretion relates.

The Committee may introduce non-financial measures in the future subject to a minimum of 70% of targets being financial in nature.

Performance is normally measured over the financial year.

Supporting information

There are two changes from the previous policy. The first is the requirement for 50% of bonus to be deferred, rather than voluntarily invested into the Management Co-Investment Plan (the historic long-term incentive plan). The second is that the Committee can now override any formulaic outcome (including to nil), instead of being limited to adjusting by 25%. This is in line with best practice and the UK Corporate Governance Code. Any exercise of discretion will continue to be disclosed in full in the relevant directors' remuneration report.

The Policy sets out a single maximum opportunity that applies to any potential Executive Director, this is different to the previous policy which sets out different maximum opportunities for each Director. This is intended to simplify the Policy, and provide flexibility if needed over the course of the Policy. If the Committee sought to increase the annual grant for the CFO, it would only do so after engaging with shareholders.

Performance Share Plan (PSP)

Purpose and link to strategy

Operation

The Performance Share Plan (PSP) replaces the Management Co-Investment Plan (MCIP) as the sole long-term incentive plan (LTIP). Under the PSP, Executive Directors are granted rights to receive free shares on vesting (awards) which normally vest after three years, to the extent performance conditions (described below) are achieved. Upon vesting, Executive Directors will have an additional two-year retention period (during which shares cannot be sold) to ensure there is a five-year duration between the grant of the award and release of the shares.

Ultimate remedy/malus and claw-back provisions apply (see details on page 81).

Opportunity

The maximum annual grant available under this Policy is 400% of fixed pay.

The normal maximum award for the CEO is 400% of fixed pay, and for the CFO is 320% of fixed pay. At target 50% of maximum vests, equating to 200% and 160% of fixed pay respectively. 0% of the award will vest for below threshold performance. The amount payable for threshold performance will be disclosed for each metric in the relevant directors' remuneration report.

Dividend equivalents may be earned (in cash or additional shares) on the award when and to the extent that the award vests. Dividends or dividend equivalents will also be payable in respect of dividends paid during the retention period.

Performance measures

The Committee sets performance measures for each PSP award. These will be tested over the three financial years starting with the financial year in which the award is granted.

The performance measures for the PSP grants in 2021 will be: Competitiveness: % Business Winning Market Share (% Business Winning), Cumulative Free Cash Flow (current FX rates), Return On Invested Capital (ROIC), and Sustainability Progress Index (SPI). ROIC and SPI are used currently and the other two measures are new. Each measure will have a 25% weighting. The Committee retains the discretion to change these measures and/or weighting for future grants, based on strategic priorities for Unilever at that time.

The Committee will ensure that the targets set are appropriately rigorous for the delivery of threshold, target and maximum performance.

The Committee retains the discretion to adjust the formulaic outcome of these performance measures to reflect its assessment of the underlying long-term performance. The use of any discretion will be fully disclosed and explained in the directors' remuneration report for the year to which discretion relates.

Supporting information

Maximum opportunity as a percentage of fixed pay has reduced from 450% of fixed pay under the previous MCIP to 400% of fixed pay for the CEO under the PSP and from 360% of fixed pay to 320% of fixed pay for the other Executive Directors. Conversely, target opportunity has increased from 150% of fixed pay to 200% for the CEO and from 120% to 160% for other Executive Directors. As per the rationale included in the chairman's letter this increase in target opportunity will only be realised subject to performance against stretching three-year performance conditions and will be delivered fully in shares which executives will not be able to sell until five years after grant.

The Policy sets out a single maximum opportunity that applies to any potential Executive Director, this is different to the previous policy which sets out different maximum opportunities for each Director. This is intended to simplify the Policy, and provide flexibility if needed over the course of the Policy. If the Committee sought to increase the annual grant for the CFO, it would only do so after engaging with shareholders.

The PSP, which operates under the plan rules approved at the 2017 AGMs, is assessed over a three-year performance period and there is a retention period for executive directors for two additional years before those shares are released. This is the same total timeframe as the previous MCIP which had a four-year performance period and one-year holding period.

The Committee can now override any formulaic outcome (including to nil), instead of being limited to adjusting by 10%. This is in line with best practice and the UK Corporate Governance Code. Any exercise of discretion will continue to be disclosed and explained in full in the relevant directors' remuneration report.

Previously the Committee considered the quality and sustainability of underlying performance if the outcomes of any annual bonus and the MCIP it was invested in exceeded 75% of maximum. This strict requirement is removed due to the delinking of annual bonus and long-term incentives. However, the Committee will continue to assess the quality and sustainability of performance when determining if any adjustments are required to overall formulaic outcomes.

Elements of previous policy that will continue

MCIP awards granted under a previous remuneration policy will continue to operate under the terms of that policy and the relevant plan rules. Further details of the terms of the awards made are included in the directors' remuneration reports for their respective years. This applies to the MCIP awards granted in 2017, 2018, 2019 and 2020. This provision will cease to apply once all of these awards have vested, been exercised or been forfeited as appropriate, as per the relevant policy and plan rules. Additional details are set out below.

Claw-back, ultimate remedy, discretion and flexibility

Claw-back: Claw-back is the recovery of payments made under the annual bonus (including deferred bonus shares) or vested LTIP awards, (both PSP awards under this Remuneration Policy, and awards under any previous remuneration policies). The Committee may decide to apply claw-back for up to three years from the payment of bonus awards, and up to two years from vesting for the PSP or MCIP awards (including where awards vest prior to or during the retention period), in the event of:

- a significant downward restatement of the financial results of Unilever;
- error in calculation or misleading data; or
- corporate failure.

Claw-back may apply to all or part of a participant's payment or award and may be effected, among other means, by reducing outstanding awards, or requiring the return of the net value of vested awards to Unilever.

Directors' Remuneration Report continued

Malus: Malus is the adjustment of bonus, unvested deferred bonus awards or unvested LTIP awards (both PSP awards under this Remuneration Policy, and predecessor awards under any previous remuneration policies). The Committee may apply malus to reduce an award or determine that it will not vest or only vest in part. Malus applies to deferred bonus awards during the three-year deferral period and to unvested LTIP awards (PSP awards under this Remuneration Policy and predecessor awards under any previous remuneration policies) during the vesting period and retention period, in the event of:

- a significant downward restatement of the financial results of Unilever;
- gross misconduct or gross negligence;
- material breach of Unilever's Code of Business Principles or any of the Unilever Code Policies;
- breach of restrictive covenants by which the individual has agreed to be bound, or conduct by the individual which results in significant losses or serious reputation damage to Unilever; and
- for PSP awards and deferred bonus awards, error in calculation or misleading data or corporate failure.

The annual bonus will also be subject to malus on the same grounds as apply for deferred bonus awards and unvested LTIP awards. This power is an addition to the normal discretion to adjust awards and the additional sustainability test outlined in the policy table.

Ultimate remedy: Awards under the PSP (and predecessor long-term incentives under any previous remuneration policy) are subject to ultimate remedy. Upon vesting of an award, the Committee shall have the discretionary power to adjust the value of the award if the award, in the Committee's opinion taking all circumstances into account, produces an unfair result. In exercising this discretion, the Committee may take into account Unilever's performance against non-financial measures.

These powers are in addition to the normal discretion to adjust awards and the additional sustainability test outlined in the policy table.

Ultimate remedy/malus and claw-back will not apply to an award which has been exchanged following a change of control and claw-back will not apply where an award vests on a change of control.

Committee discretion to amend targets/measures: For PSP awards (or MCIP awards under the previous policy) and annual bonus, the Committee may change a performance measure or target (including replacing a measure) in accordance with the award's terms or if anything happens which causes the Committee reasonably to consider it appropriate to do so. The Committee may also adjust the number or class of shares subject to MCIP, PSP and deferred bonus awards if certain corporate events (e.g. rights issues) occur.

The Committee will continue to review targets on all unvested awards in the event of any material acquisitions or disposals that were not included in the financial plan, or were not anticipated at the time of target setting. The Committee may make adjustments if deemed appropriate to ensure that all targets remain relevant and equally stretching in light of any M&A activity, other corporate events, or any other event that the Committee considers to be material, that was not foreseen at the time of target setting.

Legacy arrangements

For the duration of this Remuneration Policy, entitlements arising before the adoption of this Remuneration Policy will continue to be honoured in line with the approved remuneration policy under which they were granted, or their contractual terms.

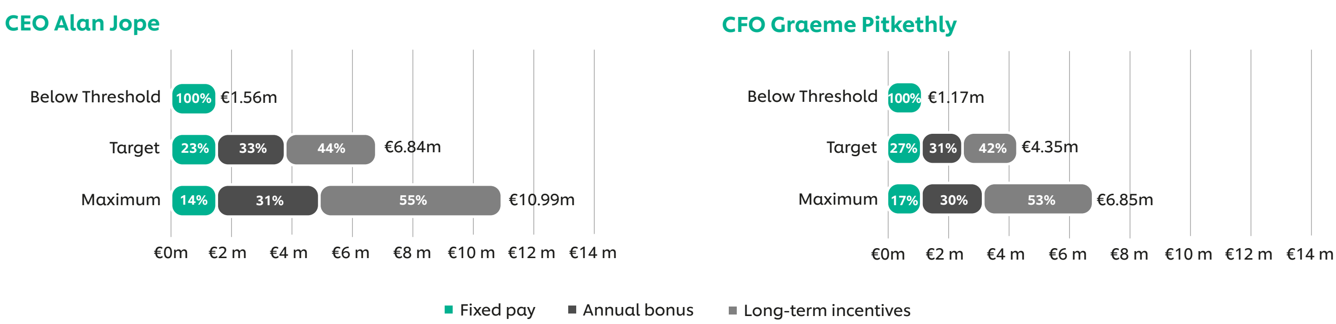
The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any relevant discretions) notwithstanding that they are not in line with this Remuneration Policy where the terms of the payment were agreed before this Remuneration Policy came into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

Remuneration scenarios: our emphasis on performance-related pay

It is Unilever's policy that the total remuneration package for Executive Directors should be competitive with other global companies and that a significant proportion should be performance-related.

For the remuneration scenarios below, the maximum and target pay opportunities have been chosen to be consistent with the current levels for Executive Directors. In reviewing the appropriate level of pay opportunity for the Executive Directors, the Committee considers internal and external comparators. Although pay is not driven by benchmarking, the Committee is aware that pay needs to be within a reasonable range of competitive practice. The Committee notes that total target pay is slightly below lower quartile for the CEO and slightly below median for our CFO for the benchmark group used by the Committee.

The Committee typically reviews, on at least an annual basis, the impact of different performance scenarios on the potential reward opportunity and payouts to be received by Executive Directors and the alignment of these with the returns that might be received by shareholders. The Committee believes that the level of remuneration that can be delivered in the various scenarios is appropriate for the level of performance delivered and the value that would be delivered to shareholders. The charts below show hypothetical values of the remuneration package for Executive Directors in the first full year of the policy under below threshold, target and maximum performance scenarios.



Details of fixed element of remuneration for CEO and CFO and assumptions for scenario charts

Fixed remuneration	Assumptions as follows (for actual Executive Director pay details, please see Annual Remuneration Report below): ▪ Fixed pay for CEO effective from 1 January 2021 = €1,508,000. ▪ Fixed pay for CFO = €1,135,960. ▪ Benefits assumed to be around €56,000 for CEO and €38,000 for CFO.	
Variable remuneration	Below threshold	▪ No 2021 annual bonus payout and no vesting under the PSP.
	On target	▪ Target payout of the 2021 annual bonus (150% of fixed pay for the CEO and 120% of fixed pay for the CFO). 50% of the bonus would be deferred for three years. ▪ Target vesting of 2021 awards under the PSP (200% of fixed pay for the CEO and 160% of fixed pay for the CFO).
	Maximum	▪ Maximum payout of the 2021 annual bonus (225% of fixed pay for the CEO and 180% of fixed pay for the CFO). 50% of the bonus would be deferred for three years. ▪ Maximum vesting under 2021 awards under the PSP (400% of fixed pay for the CEO and 320% of fixed pay for the CFO).
	Maximum with 50% share price increase	▪ As per maximum above, and in addition shows the impact of a share price increase of 50% from the date of grant to the date of vesting of the PSP award. The maximum remuneration payable to the CEO and CFO assuming a 50% share price between grant and vest of the PSP is EUR 14.01m and EUR 8.67m respectively.
	Notes to variable remuneration	▪ Dividends, dividend equivalents and (except as described above) share price movements are ignored for the purposes of the illustrations above.

Approach to target setting

Performance measures are selected to align with Unilever's short-term performance targets and long-term business strategy objectives. Unilever's primary business objective is to create value in a sustainable way. Performance measures focus management on the delivery of a combination of top-line revenue growth and bottom-line profit growth that Unilever believes will build shareholder value over the longer term and that will benefit all of our stakeholders.

The measures chosen for the incentives will support the delivery of this objective, with distinct measures for each of the short- and longer-term incentive programmes.

The Committee sets performance targets for incentive plans, taking into account internal budgets, business priorities and external forecasts so that the targets are sufficiently stretching. Good performance results in target payout while maximum payout is only achieved for delivering exceptional performance.

The following sets out the performance measures for short- and long-term incentive plans to be awarded in 2021, as well as the business performance and the behaviours that they drive.

Performance measures and the link to strategy

Incentive plan	Performance measure	Link to strategy
Short-term: Annual Bonus	Underlying Sales Growth (USG) at constant FX rates	Clear, simple and well understood measure supporting the achievement of Unilever's growth ambition.
	Underlying Operating Margin Improvement (UOM) at current FX rates	Underlines the importance of achieving increasingly profitable growth.
	Free Cash Flow (FCF) at current FX rates	Provides clear focus on the achievement of Unilever's cash generation ambition.
Long-term: PSP	Competitiveness % Business Winning Market Share measure *New measure for this policy*	Growing faster than the market and so winning market share are key strategic drivers for our long-term sustainable growth.
	Cumulative Free Cash Flow at current FX rates measure *New measure for this policy*	Free Cash Flow from operating activities in current currency ensures sufficient cash is available to fund a range of strategic capital allocation choices.
	Return On Invested Capital (ROIC) at exit year %	Supports disciplined investment of capital within the business and encourages acquisitions which create long term value (an especially relevant measure for members of the ULE who make investment decisions).
	Unilever Sustainability Progress Index (Compass) (SPI)	Unilever is committed to demonstrating that the Compass, our purpose-led, future-fit strategy, drives superior performance, which protects our consumers, people, planet and society, customers, suppliers and business partners and shareholders. To capture the breadth and depth of the Compass in relation to the SPI, the Corporate Responsibility Committee and Compensation Committee agree a number of key performance indicators (KPIs) to assess progress towards the Compass targets in our reported Compass sustainability commitments (see page 10). These KPIs illustrate how Unilever aims to address a number of its principal risks such as brand preference, climate change, supply chain and ethics (see Our risks on page 44). For the 2021 PSP award, progress will be measured against the forerunner of the Compass, the Unilever Sustainable Living Plan (USLP).

Directors' Remuneration Report continued

Changes in pay policy generally

The key changes in the new Remuneration Policy are to:

- replace the current long-term incentive plan, the MCIP with the PSP – a long-term incentive plan that is operated entirely separately from the annual bonus plan;
- replace voluntary investment in the long-term incentive plan with a mandatory deferral of 50% of the annual bonus into shares or share awards, for three years;
- change the performance measures for the long-term incentive plan (to maximise the strategic alignment as outlined above);
- reduce maximum total pay; and
- maintain a five-year period from award to release on PSP by reducing the performance period from four years to three years, and increasing the retention period from one year to two years.

The Committee wants to increase the impact, traction and resilience of Unilever's incentives to drive sustainable long-term growth which can be better achieved with distinct short- and long-term incentive plans, enabling the Committee to set stretching but achievable performance targets over realistic timeframes. This change more closely aligns Unilever's reward structure with standard market practice.

By separating short- and long-term incentive plans the policy will further simplify executive pay. Currently, these are linked by our MCIP as the MCIP opportunity is driven by the outcome of the annual bonus plan. Delinking the two plans will deleverage incentives, reduce maximum pay and make our incentives more resilient and less dependent on the short-term incentive.

Change in target and maximum pay levels

In moving from the current MCIP to the proposed PSP structure, the quantum of the previous annual bonus has been unchanged and the quantum of the PSP has been increased at target and decreased at maximum. The overall result is an increase in target pay of 13%/12% for the CEO/CFO respectively and decrease in maximum pay of 6% for both individuals.

As fixed pay and annual bonus opportunities have been unchanged, this increase in target opportunity will only be realised subject to performance against stretching three-year performance conditions and will be delivered fully in shares which executives will not normally be able to sell until five years after grant. This is to create an even stronger alignment to both the long-term performance of the business and the shareholder experience, and to address shareholder comments on the levels of maximum pay available under the previous structure.

In determining the appropriate quantum, the Committee did consider external benchmarking data against a group of comparable major European companies. Whilst the Committee is not led by benchmarking data, or target a specific benchmark position, this data is used as a reference point to ensure that pay levels are not significantly out of line with the market. Under the proposed changes total target compensation is slightly below lower quartile for our CEO and slightly below median for our CFO. This is despite the fact that Unilever is above the upper quartile of this group by market capitalisation. The Committee believes this data shows that the proposals do not provide excessive levels of remuneration versus the market. In addition, the Committee believes that a lower level of target compensation would create undue risks in terms of retention or any future recruitment.

The Committee was also cognisant of the need to maintain a sufficient pay differential between the Executive Directors and the rest of the ULE and this modest increase at target pay helps the Committee to do this.

Application beyond the Board

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

In principle, all our managers participate in the same Unilever annual bonus scheme with the same performance measures based on Unilever's overall performance and the requirement to defer 50% of bonus also extends to the ULE. The intention is to extend the new policy across all of Unilever's 14,400+ managers worldwide in 2021. Wherever possible, all other employees have the opportunity to participate in the global 'buy 3 get 1 free' employee share plan called 'SHARES', which is offered in more than 100 countries.

Through these initiatives we continue to encourage all our employees to adopt an owner's mindset with the goal of achieving our growth ambition, so they can share in the future long-term success of Unilever.

Stakeholders' considerations:

Guided by our purpose-led and future-fit business model the Committee has applied a multi-stakeholder approach in reviewing the current reward framework in view of the 2021 policy renewal. The Committee has therefore engaged with various stakeholders, both internally and externally as set out below.

Consideration of conditions elsewhere in the Group

When determining the pay of Executive Directors, the Committee considers the pay arrangements for other employees in the Group, including considering the average global pay review budget for the management population, to ensure that remuneration arrangements for Executive Directors remain reasonable. Unilever takes the views of its employees seriously and on an ongoing basis, we conduct the 'Rate-My-Reward' survey to gauge the views of employees on the different parts of their reward package.

In establishing the Future Reward Framework, Unilever conducted an employee survey amongst its WL1+ population to seek their views on Unilever's approach to reward. Interviews and focus groups have also been organised for the management population to receive feedback on the proposed Future Reward Framework. In addition, the company consulted with the European Works Council and employee representation bodies in other relevant jurisdictions. Employees value the mix between fixed and variable pay, and the various benefits (including non-cash benefits), but there is also a desire for more flexibility in reward to fit individual's different life stages. The Future Reward Framework is well received for its simplicity and market alignment. It is seen as a more competitive, inclusive and fair reward programme. The ability to receive the bonus in cash rather than having to invest it to receive a long-term incentive award is valued in times of uncertainty caused by the Covid-19 pandemic. More senior employees would have preferred the continuation of an attractive opportunity to investment in Unilever shares. Based on feedback from the European Works Council, we will continue to explore opportunities to widen and deepen Unilever's all-employee share scheme.

Fairness in the workplace is a core pillar of the Compass and incorporates our Framework for Fair Compensation. As part of our Framework's living wage element, we are committed to pay a living wage to all our direct employees. At the end of 2020, 100% of Unilever's direct employees globally were paid at or above a certified living wage level. Further detail can be found on page 19. The living wage principle is also endorsed as good practice in Unilever's Responsible Sourcing Policy. The Committee already upholds its obligation under Section 172 of the UK Companies Act 2006 (see page 14) to consider the impact of what we do on our multiple stakeholders. These considerations shape the way the Committee looks at pay and sets pay rates for our Executive and Non-Executive Directors relative to our wider workforce. We will continue to advance these initiatives over the years ahead to enhance the livelihoods of all our employees.

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Consideration of shareholder views

The Committee takes the views of shareholders seriously. We maintain an open and regular dialogue with our shareholders on remuneration matters, including consulting with our largest investors and shareholder representative bodies, when we are considering making material changes to our remuneration policy. Accordingly, shareholders have been consulted extensively and their views have been influential in shaping this Remuneration Policy. Their feedback influenced our proposals in relation to the balance between fixed and variable pay, between the annual bonus and PSP components, and the performance measures for the incentives. Further details can be found on page 77.

Minimum shareholding requirement

The remuneration arrangements applicable to our Executive Directors require them to build and retain a personal shareholding in Unilever (within five years from the date of appointment with extra time granted if requirements increase significantly) to align their interests with those of Unilever's long-term shareholders. The current requirement is 500% fixed pay for the CEO and 400% fixed pay for the CFO. All shares beneficially owned and any awards not subject to performance conditions (but, for example, subject to retention or deferral periods) count towards the shareholding requirement (on an estimated net of tax basis if tax is expected to be payable). Incoming Executive Directors will be required to retain all shares vesting from any share awards (net of any sales to cover tax) until their minimum shareholding requirements have been met in full.

Any Executive Director who leaves after the date the new Remuneration Policy has effect will be required to maintain at least 100% of their minimum shareholding requirement for two years after leaving. These shares will be held in the Company nominee vested accounts. If the leaver has not yet met their shareholding requirements on departure they will be required to retain the shares they do own up to these limits. This requirement can be waived in certain exceptional personal circumstances (e.g. death, disability, ill health).

Remuneration Policy for new hires

Area	Policy and operation
Overall	The Committee will pay new Executive Directors in accordance with the approved Remuneration Policy and all its elements as set out herein above. The terms of service contracts will not overall be more generous than those of the current CEO and CFO summarised below in the 'service contracts' paragraph. The ongoing annual remuneration arrangements for new Executive Directors will therefore comprise fixed pay, benefits, annual bonus and PSP. For internal promotions, any variable remuneration element awarded in respect of a prior role may be paid out according to its original terms.
Fixed pay	Fixed pay would be set at an appropriate level to recruit the best candidate based on their skills, experience and current remuneration.
Benefits	Benefits provision would be in line with the approved relevant remuneration policy. Where appropriate, the Executive Director may also receive relocation benefits or other benefits reflective of normal market practice in the territory in which the Executive Director is employed. In addition, the Committee may agree that Unilever will pay certain allowances linked to repatriation on termination of employment.
Incentive awards	Incentive awards would be made under the annual bonus and PSP in line with the relevant remuneration policy. Off-cycle PSP awards may be made on joining for the year of joining, subject to the normal maxima.
Buy-out awards	The Committee may grant awards to compensate Executive Directors hired from outside for any awards they lose by leaving previous employers broadly on a like-for-like basis. Incoming Executive Directors will be required to retain all shares vesting from any share awards until their minimum shareholding requirements have been met in full. If a buy-out award is required, the Committee would aim to reflect the nature, timing, and value of awards forgone in any replacement awards. Awards may be made in cash, shares or any other method as deemed appropriate by the Committee. Where possible, share awards will be replaced with share awards. Where performance measures applied to the forfeited awards, performance measures will be applied to the replacement award or the award size will be discounted accordingly. In establishing the appropriate value of any buy-out the Committee would also take into account the value of the other elements of the new remuneration package. The Committee would aim to minimise the cost to Unilever, although buy-out awards are not subject to a formal maximum. Any awards would be broadly no more valuable than those being replaced.

Directors' Remuneration Report continued

Service contracts

Policy in relation to Executive Director service contracts and payments in the event of loss of office

Service contracts & notice period	Current Executive Directors' service contracts are not for a fixed duration but are terminable upon notice (12 months' notice from Unilever, six months' notice from the Executive Director), and are available for shareholders to view at the AGM or on request from the Group Secretary. Starting dates of the service contracts for the current CEO and CFO: CEO: 1 January 2019 (signed on 16 December 2020); and CFO: 1 October 2015 (signed on 16 December 2015).
Termination payments	A payment in lieu of notice can be made, to the value of no more than 12 months' fixed pay and other benefits (unless dictated by applicable law).
Other elements	▪ Executive Directors may, at the discretion of the Board, remain eligible to receive an annual bonus for the financial year in which they cease employment. Such annual bonus will be determined by the Committee taking into account time in employment and performance. ▪ Treatment of share awards is as set out in the section on leaver provisions, below. ▪ Any outstanding all-employee share arrangements will be treated in accordance with HMRC-approved terms. ▪ Other payments, such as legal or other professional fees, repatriation or relocation costs and/or outplacement fees, may be paid if it is considered appropriate. Additional payments may be permitted at the proposal of the Committee if the Committee considers not allowing such a payment would be manifestly unreasonable given the circumstances. ▪ The Committee reserves the discretion to approve gifts to Executive Directors who are retiring or who are considered by the Board to be otherwise leaving in good standing (e.g. those leaving office for any reason other than termination by Unilever or in the context of misconduct). If the value of the gift for any one Executive Director exceeds £5,000 it will be disclosed in the relevant directors' remuneration report. Where a tax liability is incurred on any such a gift, the Committee has the discretion to approve the payment of such liability on behalf of the Executive Director in addition to the value of the gift.

Leaver provisions in share plan rules

	'Good leavers' as determined by the Committee in accordance with the plan rules*	Leavers in other circumstances*	Change of control
Investment shares under the MCIP	Investment shares are not impacted by termination (although they may be transferred to the personal representative of the Executive Director in the event of his or her death without causing the corresponding matching shares to lapse).	Investment shares are not impacted by termination.	Investment shares may normally be disposed of in connection with a change of control without causing the corresponding matching shares to lapse. Alternatively, Executive Directors may be required to exchange the investment shares for equivalent shares in the acquiring company.
PSP awards and awards of matching shares under MCIP	Awards will normally vest following the end of the original performance period, taking into account performance and (unless the Board on the proposal of the Committee determine otherwise) pro-rated for time in employment. Alternatively, the Board may determine that awards shall vest upon termination based on performance at that time and pro-rated for time in employment (unless the Board on the proposal of the Committee determine otherwise). If an Executive Director dies or leaves due to ill health, injury or disability, awards will vest at the time of death or leaving at the target level of vesting (in case of death pro-rated for time in employment if the Director had previously left as a good leaver).	Awards will normally lapse upon termination.	Awards will vest based on performance at the time of the change of control and the Board, on the proposal of the Committee, have the discretion to pro-rate for time. Alternatively, Executive Directors may be required to exchange the awards for equivalent awards over shares in the acquiring company. The retention period of a PSP award will end on a change of control.
Deferred bonus awards	Unvested deferred bonus awards will continue in effect and vest on the normal timescale unless the Executive Director is terminated for misconduct or breach of the terms of their employment, unless the Committee decides otherwise.		Unvested deferred bonus awards vest in full.

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

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

Non-Executive Directors

Key aspects of Unilever's 2021 fee policy for Non-Executive Directors

Approach to setting fees	Non-Executive Directors receive annual fees from Unilever. The Board determine Non-Executive Director fee levels, which are limited to the aggregate amount permitted by the Company's articles of association, as approved by shareholders from time to time (which is currently £2 million (€2,253,013) per year, and will, subject to shareholder approval at the 2021 AGM increase to €5 million per year (which reflects the applicable limit as approved by shareholders prior to Unification). Unilever's policy is to set fees at a level which is sufficient to attract, motivate and retain high-class talent of the calibre required to direct the strategy of the business without paying more than necessary. They are set taking into account: ▪ the commitment and contribution expected by the Group; ▪ fee levels paid in other global non-financial services companies based in Europe; and ▪ that fees are paid in cash.
Operation	Unilever applies a modular fee structure for Non-Executive Directors to ensure we fairly reflect the roles and responsibilities of committee membership and chairmanship. Our basic philosophy is to pay the Chairman an all-inclusive fee. Other Board members receive a basic fee and additional fees for being Senior Independent Director, chairing or membership of various committees. The Board may decide to pay fees in any other currency based on such foreign exchange rates as the Board shall determine, provided total Non-Executive Director fees stay within the annual limits as approved by shareholders from time to time. The 2021 fee structure can be found in the Directors' Remuneration Report on page 97. The fee structure may vary from year to year within the terms of this Remuneration Policy. Fees are normally reviewed annually but may be reviewed less frequently. Additional allowances are made available to Non-Executive Directors where appropriate, to reflect any additional time commitment or duties.
Other items	Non-Executive Directors are encouraged to build up a personal shareholding of at least 100% of their total annual fees over the five years from appointment. Non-Executive Directors are not entitled to participate in any of the Group's incentive plans. All reasonable travel and other expenses incurred by Non-Executive Directors in the course of performing their duties are considered to be business expenses and are reimbursed together with any tax payable. Non-Executive Directors also receive expenses relating to the attendance of the Director's spouse or partner, when they are invited by Unilever. Other benefits or additional payments may be provided in the future if, in the view of the Board, this is considered appropriate. Such benefits and/or payments would be within the total annual limits as approved by shareholders as described above. The Committee reserves the discretion to approve gifts to Non-Executive Directors who are retiring or who are considered by the Board to be otherwise leaving in good standing (e.g. those leaving office for any reason other than termination by Unilever or in the context of misconduct). If the value of the gift for any one Non-Executive Director exceeds £5,000 it will be disclosed in the relevant directors' remuneration report. Where a tax liability is incurred on any such a gift the Committee has the discretion to approve the payment of such liability on behalf of the Non-Executive Director in addition to the value of the gift.

Remuneration Policy for new Non-Executive Director hires

In the event of hiring a new Non-Executive Director, the Committee will align the remuneration package with the Remuneration Policy as set out above.

Non-Executive Directors' letters of appointment

The terms of engagement of Non-Executive Directors are set out in letters of appointment which each Non-Executive Director signs upon appointment. Non-Executive Directors are currently appointed for a one-year term, subject to satisfactory performance, renomination at the discretion of the Board on the recommendation of the Nominating and Corporate Governance Committee and re-election at forthcoming annual shareholder meetings. It is Unilever's expectation that Non-Executive Directors serve for a minimum of three years. The letters of appointment allow for Unilever to terminate a Non-Executive Director's appointment in cases of gross misconduct, failure to perform their duties competently, conduct bringing Unilever into disrepute, bankruptcy or where the Non-Executive Director is prevented from occupying such a position by law.

The letters do not contain provision for notice periods or compensation if the Non-Executive Directors' appointments are terminated by Unilever. Non-Executive Directors may terminate their engagement upon three months' notice. Except in exceptional circumstances, the Board will not propose Non-Executive Directors for renomination when nine years have elapsed since the date of their appointment. Letters of appointment are available for inspection on request from the Group Secretary.

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

Annual report on remuneration

This section sets out how Unilever's remuneration policy (which was approved by shareholders at the May 2018 AGMs and is available on our website) was implemented in 2020. Furthermore, the following sets out how our new Remuneration Policy (as set out on pages 79 to 87) will be implemented if it receives shareholder approval at the 2021 AGM.

www.unilever.com/remuneration-policy

Implementation of the Remuneration Policy for Executive Directors

If approved by shareholders, Unilever's new Remuneration Policy will be implemented with effect from the 2021 AGM as set out below. If the updated Remuneration Policy is not approved, Unilever's existing remuneration policy will continue to apply.

Elements of remuneration	
Fixed Pay	
Purpose and link to strategy	Supports the recruitment and retention of Executive Directors of the calibre required to implement our strategy. Reflects the individual's skills, experience, performance and role within the Group. Provides a simple competitive alternative to the separate provision of salary, fixed allowance and pension.
At a glance	Details of the rationale for our Executive Directors' fixed pay amounts can be found on page 78.
Implementation in 2020	Effective from January 2020: ■ CEO: €1,508,000 ■ CFO: €1,135,960
Planned for 2021	Effective from January 2021: ■ CEO: €1,508,000 ■ CFO: €1,135,960
Annual Bonus	
Purpose and link to strategy	Incentivises year-on-year delivery of rigorous short-term financial, strategic and operational objectives selected to support our annual business strategy and the ongoing enhancement of shareholder value. The ability to recognise performance through an annual bonus enables us to manage our cost base flexibly and react to events and market circumstances.
At a glance	■ Target annual bonus of 150% of fixed pay for the CEO and 120% of fixed pay for the CFO. ■ Business performance multiplier of between 0% and 150% based on achievement against business targets over the year. ■ Performance target ranges are considered to be commercially sensitive and will be disclosed in full with the corresponding performance outcomes retrospectively following the end of the relevant performance year. ■ Maximum annual bonus is 225% of fixed pay for the CEO and 180% for the CFO. ■ Subject to ultimate remedy/malus and claw-back provisions.
Implementation in 2020	Implemented in line with the 2018 remuneration policy; however, the weight attached to each performance measure changed to reflect management's focus on delivering growth as a key priority for 2020 (pre Covid 19): ■ Underlying Sales Growth: 50% ■ Underlying Operating Margin Improvement: 25% ■ Free Cash Flow: 25%
Planned for 2021	The performance measures for 2021 will remain the same with performance measures weighted as follows: ■ Underlying Sales Growth: 1/3 ■ Underlying Operating Margin Improvement: 1/3 ■ Free Cash Flow: 1/3 In 2021 a new requirement is introduced to defer 50% of the bonus into shares or share awards. Details for this rationale can be found on pages 76.
Long-term Incentive (MCIP)/(PSP)	
Purpose and link to strategy	The MCIP encouraged senior management to invest their own money into Unilever shares, aligning their interests with shareholders by focusing on the sustained delivery of high-performance results over the long term. As from 2021 the PSP replaces the MCIP as the sole long-term incentive plan.
At a glance	■ Executive Directors were required to invest a minimum of 33% and a maximum of 67% of their bonus into the legacy MCIP. Investment was made out of after-tax income, so investing 67% of gross bonus would require an investment of more than the total net bonus received. ■ Matching shares were awarded based on performance up to a maximum of 3x matching shares. ■ The final MCIP award was made on 24 April 2020, vesting 15 February 2024 (with a requirement to hold vested matching shares for a further one-year retention period). ■ Subject to shareholder approval at the 2021 AGM, the new PSP grants rights to receive free shares on vesting (awards) which normally vest after three years, to the extent performance conditions are achieved. ■ Upon vesting, Executive Directors will have another two-year retention period to ensure there is a five-year duration between the grant of the award and release of the shares. ■ Subject to ultimate remedy/malus and claw-back provisions.
Implementation in 2020	Implemented in line with the 2018 remuneration policy. Vesting details of the 2017-2020 MCIP award can be found on page 95. Details of the 2020 MCIP awards can be found on page 94.

Elements of remuneration continued

Planned for 2021

As detailed in our new Remuneration Policy (as set out on pages 79 to 87), the performance conditions for PSP awards are assessed over a three-year period with a further two-year retention period. The performance conditions and target ranges for 2021 awards under the PSP will be as follows:

PSP 2021 – 2023 awards

	Weighting	Threshold	Max
Competitiveness: % Business Winning Market Share	25%	45% (0%)	60% (200%)
Cumulative Free Cash Flow (Current FX)	25%	€16.7bn (0%)	€22.7bn (200%)
Return On Invested Capital (Exit year %)	25%	15% (0%)	19% (200%)
Sustainability Progress Index (Committee assessment of USLP 2020 progress)	25%	0% (0%)	200% (200%)

Performance at threshold results in nil PSP awards vesting, target performance results in an award equal to 200% of fixed pay (at time of award) for the CEO and 160% for the CFO, up to a maximum of 400% for the CEO and 320% for the CFO, with straight-line vesting between threshold and maximum. A retention period of two years applies from vesting.

Cumulative Free Cash Flow, ROIC and Sustainability Progress Index are all established measures. Cumulative Free Cash Flow from operating activities in current currency ensures sufficient cash is available to fund a range of strategic capital allocation choices.

ROIC measures the return generated on capital invested by the Group and is calculated as underlying operating profit after tax divided by the annual average of: goodwill, intangible assets, property, plant and equipment, net assets held for sale inventories, trade and other current receivables, and trade payables and other current liabilities. The target range of a threshold of 15% and maximum of 19% expresses our commitment to deliver ROIC at a level of mid to high teens, whilst continuing to reshape our portfolio through acquisitions and disposals.

Competitiveness: % Business Winning Market Share (% Business Winning) is a new metric for incentive purposes. It has been part of operational management and will be part of management's performance updates to investors. % Business Winning will be assessed each year as the aggregate turnover of the portfolio components (country/category cells) gaining value market share as a % of the total turnover measured by market data. As such it assesses what percentage of our revenue is being generated in areas where we are gaining market share. The outcome for the 2021-2023 PSP is the average of the 3 years % Business Winning performance. With intense competition and changing shopper trends, winning share in each portfolio or geography segment presents a challenge for all players; repeating these wins over successive years is even more demanding. At consolidated Group level delivering consistently in the range of 50% business winning will enable us to grow with our markets, delivering a premium above 50% Business Winning over successive years supports our objective of growing ahead of our markets. Keeping this in mind, the Committee believes that a target of 52.5% Business Winning and a stretch of 60%, to be appropriate, with a threshold performance of 45% Business Winning paying out zero for this performance measure.

In addition to the three elements mentioned above, our Executive Directors are provided with non-monetary benefits to aid attraction and retention. These include medical insurance cover, actual tax return preparation costs and provision of death-in-service benefits and administration.

Ultimate remedy/malus and claw-back

Grants under the PSP, the legacy MCIP and the legacy GSIP are subject to ultimate remedy as explained in the remuneration policy. Malus and claw-back apply to all performance-related payments as explained in the remuneration policy.

In 2020, the Committee did not reclaim or claw back any of the value of awards of performance-related payments to current or former Executive Directors.

Directors' Remuneration Report continued

Single figure of remuneration and implementation of the remuneration policy in 2020 for Executive Directors (Audited)

The table below shows a single figure of remuneration for each of our Executive Directors for the years 2019 and 2020.

	Alan Jope CEO (€'000)				Graeme Pitkethly CFO (€'000)			
	2020	Proportion of Fixed and Variable Rem	2019	Proportion of Fixed and Variable Rem	2020	Proportion of Fixed and Variable Rem	2019	Proportion of Fixed and Variable Rem
(A) Fixed pay	1,508		1,450		1,136		1,103	
Total fixed pay	1,508		1,450		1,136		1,103	
(B) Other benefits	56		41		38		27	
Fixed pay & benefits sub total	1,564	45.4%	1,491	30.5%	1,174	39.7%	1,130	26.0%
(C) STI: Annual bonus	1,086		1,784		654		1,085	
(D) LTI: GSIP Performance Shares[(a)]	n/a		1,619		670		2,132	
(D) LTI: MCIP Match Shares	797		n/a		463		n/a	
Variable Remuneration sub total	1,883	54.6%	3,403	69.5%	1,787	60.3%	3,217	74.0%
LTI Sub total	797		1,619		1,133		2,132	
Total Remuneration (A+B+C+D)	3,447		4,894		2,961		4,347	

(a) Alan Jope received his last GSIP award in 2017 that vested on 13 February 2020 as disclosed in the Remuneration Report of the 2019 Annual Report.

Where relevant, amounts for 2020 have been translated into euros using the average exchange rate over 2020 (€1 = £0.8877), excluding amounts in respect of MCIP and GSIP, which have been translated into euros using the exchange rates on the vesting date at 16 February 2021 (€1 = £0.8711 and €1 = $1.2136) for MCIP and 17 February 2021 (€1 = £0.8703) for GSIP. Amounts for 2019 have been translated into euros using the average exchange rate over 2019 (€1 = £0.8799), excluding amounts in respect of GSIP, which have been translated into euros using the exchange rate at vesting date of 13 February 2020 (€1 = £0.8390).

We do not grant our Executive Directors any personal loans or guarantees.

Elements of single figure remuneration 2020

(A) Fixed pay (Audited)

Fixed pay set in euros and paid in 2020: CEO – €1,508,000, CFO – €1,135,960

(B) Other benefits (Audited)

For 2020 this comprises:

	Alan Jope CEO(€)[(a)] 2020	Graeme Pitkethly CFO(€)[(a)] 2020
Medical insurance cover and actual tax return preparation costs	40,445	26,259
Provision of death-in-service benefits and administration	16,000	12,000
Total	56,445	38,259

(a) The numbers in this table are translated where necessary using the average exchange rate over 2020 of €1 = £0.8877.

(C) Annual bonus (Audited)

Annual bonus 2020 actual outcomes: CEO – €1,085,760 (which is 32% of maximum, 72% of fixed pay). CFO – €654,313 (which is 32% of maximum, 58% of fixed pay).

Alan Jope

Bonus @ target = 150% x fixed pay **(€2,262,000)** x Business performance **48%** = **€1,085,760**

Graeme Pitkethly

Bonus @ target = 120% x fixed pay **(€1,363,152)** x Business performance **48%** = **€654,313**

Annual bonus measures are not impacted by share price growth.

50% of the net bonus earned is, subject to shareholder approval, deferred into shares (€287,726 for Alan Jope and €173,393 for Graeme Pitkethly). Shares are deferred for three years, in line with the proposed Remuneration Policy set out on pages 79 to 87. See the opposite page for details.

The annual bonus measures and performance against targets are set out below. All performance ranges are straight-line between threshold and maximum:

Performance: Annual Bonus

Performance metric (weighting)	Threshold 0%	Actual	Target 100%	Maximum 150%	Result vesting (%of target)
Underlying Sales Growth (50%)	1.5%	1.9%		4.5%	20%
Free Cash Flow (€bn) (25%)	€5.0bn	€7.7bn		€7.0bn	150%
Underlying Operating Margin Improvement compared to prior year (25%)	percentage points 0bps	-60bps		percentage points +80bps	0%
Overall performance ratio (based on actual performance bonus formula) and endorsed by the Committee after quality of results assessment	0%	48%		150%	**48%**

Further details of the annual bonus outcomes are described in the Committee's Chair letter on page 76.

(D) GSIP – UK law requirement (Audited)

2020 Outcomes

This includes GSIP performance shares (operated under the Unilever Share Plan 2017) granted to Graeme Pitkethly on 16 February 2018, based on performance in the three-year period to 31 December 2020, which vested on 17 February 2021.

The values included in the single figure table for 2020 are calculated by multiplying the number of shares granted on 16 February 2018 (including additional shares in respect of accrued dividends through to 31 December 2020) by the level of vesting (52% of target award) and the share price on the date of vesting (PLC £39.80). This has been translated into euros using the exchange rate on the date of vesting (€1 = £0.8711).

Performance against targets:

Performance: GSIP 2018–2020

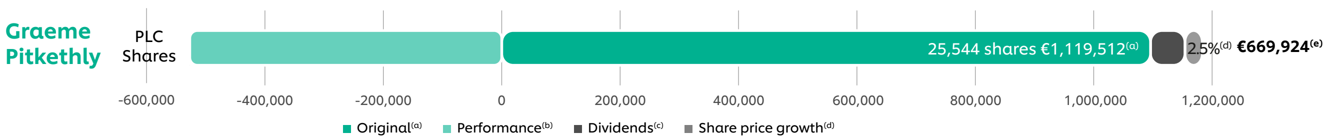
Performance metric (weighting)	Threshold 0%	Actual	Target 100%	Maximum 200%	Result vesting (%of target)
Underlying Sales Growth (CAGR) (25%)	2.0%	2.7%		6.0%	54%
Average annual Underlying Operating Margin Improvement (bps vs PY, current FX) (25%)	percentage points +50bps	+27bps		percentage points +140bps	0%
Cumulative Operating Cash Flow (€bn)(25%)	€20.2bn	€23.8bn		€25.2bn	153%
Total Shareholder Return (25%)[(a)]	10th position	11th		3rd position	0%
Overall vesting	0%	52%		200%	**52%**

(a) For the relative TSR measure, Unilever's TSR is measured against a comparator group of other consumer goods companies. 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 measured on a common currency basis to better reflect the shareholder experience. The current TSR peer group consists of 18 companies (19 including Unilever) as follows: Avon, Beiersdorf, Campbell Soup, Coca-Cola, Colgate-Palmolive, Danone, General Mills, Estée Lauder, Henkel, Kao, Kellogg's, Kimberly-Clark, L'Oréal, Nestlé, PepsiCo, Procter & Gamble, Reckitt Benckiser, Shiseido. The Committee may change the TSR vesting levels set out above if the number of companies in the TSR comparator group changes (e.g. via M&A activity).

Further details of the GSIP outcomes are described in the Committee's Chair letter on page 76.

On the basis of this performance, the Committee determined that the GSIP awards to the end of 2020 will vest at 52% of initial target award levels (i.e. 26% of maximum for GSIP).

Share price growth GSIP 2018-2021



(a) The conditional number of shares awarded (including decimals) at the share price on the award date. This number includes the Unilever N.V. shares awarded on the award date. These Unilever N.V. shares converted into Unilever PLC shares (on a one-on-one ratio) upon Unification on 29 November 2020 which is why only Unilever PLC shares are provided in this table.
(b) The business performance ratio applied to the original conditional share award (including decimals) at the share price on the award date.
(c) The dividends accrued on the original conditional share award (including decimals) at the share price on the award date.
(d) The nominal movement in share price between the award date and the vesting date applied to the original conditional share award plus accrued dividends (including decimals) multiplied by the business performance ratio.
(e) The final value of the award on the vesting date using the exchange rate on the day of vesting of €1 = £0.8711. The actual number of vested shares can be found on page 95.

(D) MCIP – UK law requirement (Audited)

2020 Outcomes

This includes MCIP match shares (operated under the Unilever Share Plan 2017) granted to Alan Jope and Graeme Pitkethly on 17 May 2017, based on performance in the four- year period to 31 December 2020, which vested on 16 February 2021.

The values included in the single figure table for 2020 are calculated by multiplying the number of shares granted on 17 May 2017 (including additional shares in respect of accrued dividends through to 31 December 2020) by the level of vesting (83% of target award) and the share price on the date of vesting (PLC £40.06 and PLC ADS $55.74). These have been translated into euros using the exchange rates on the date of vesting (€1 = £0.8711 and €1 = $1.2136).

Performance: MCIP 2017–2020

Performance metric (weighting)	Threshold 0%		Target 100%	Maximum 200%	Result vesting (%of target)
Underlying Sales Growth (CAGR) (25%)	2.0%	2.7%		6.0%	35%
Underlying Earnings Per Share Growth (CAGR, Current FX) (25%)	7.0%	5.3%		13.0%	0%
Return On Invested Capital (Exit year %) (25%)	15.4%	18.0%		18.4%	175%
Sustainability Progress Index (Committee assessment of USLP progress) (25%)[a]	0%	124%		200%	124%
Overall vesting	0%	83%		200%	**83%**

Further details of the MCIP outcome are described in the Committee's Chair letter on page 76. Further details on the Sustainability Progress Index vesting is set out below. On the basis of this performance the Committee determined that the MCIP awards at the end of 2020 will vest at 83% of initial target award levels (i.e. 42% of maximum for MCIP).

Outcome of Sustainability Progress Index (SPI) for MCIP cycle 2017-2020:

On 16 February 2021 the first MCIP cycle vested with SPI as one of the four performance measures. The SPI is an assessment of the business's sustainability performance by the Corporate Responsibility Committee and the Compensation Committee that captures quantitative and qualitative elements (see page 73). The Corporate Responsibility Committee and Compensation Committee agreed a framework for SPI assessment that captures the breadth and depth of the USLP in relation to a number of key performance indicators (KPIs). These KPIs illustrate how Unilever aims to address a number of its principal risks such as brand preference, climate change, plastic packaging, supply chain and ethics (see Our risks on page 44). The Committees review qualitative and quantitative progress across each category and delivery against the KPIs. The Committees then agree on a SPI achievement level against the KPI taking into account performance across the entire SPI Category.

In previous directors' remuneration reports we have described the annual assessments and outcomes for the SPI years 2017, 2018 and 2019 and 2020 SPI performance (based on 2019 USLP performance) is set out on the following page. The SPI index for the four-year MCIP performance period is calculated by taking a simple average and is set out at the bottom of the table for MCIP 2017-2020.

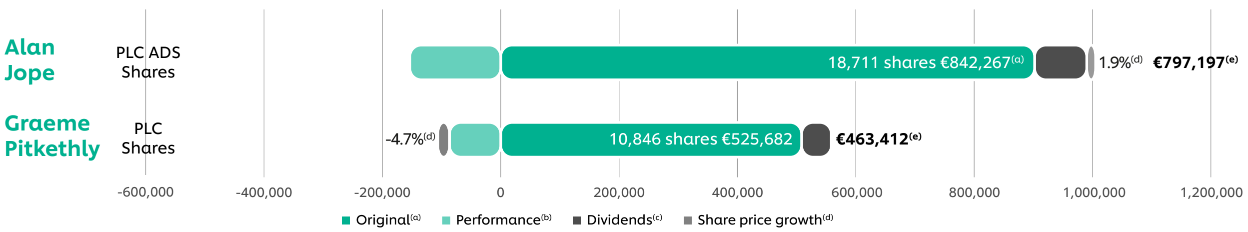
(D) MCIP – UK law requirement (Audited) continued

Our Unilever Sustainable Living Plan is a bold ambition to achieve change within our company – through our brands, innovation, sourcing and operations. We helped more than a billion people take action to improve their health and wellbeing, through our programmes on handwashing, safe drinking water, sanitation, oral health, self-esteem and skin-healing. We have doubled the proportion of our portfolio that meets the highest nutritional standards, thereby helping hundreds of millions of people to achieve a healthier diet. We have seen a CO_2 efficiency in our global logistics network of 40% and now purchase all electricity from the grid from renewable sources. We sourced 95% of our palm oil from physically certified sustainable sources. We have enhanced the livelihoods of millions of people by improving agricultural practices, providing skills and opportunities to increase incomes and embedding human rights across our business. We work in partnerships with others – including NGOs, governments, businesses and industry platforms – to drive systemic change on the issues that matter for our business and the world. The average SPI outcome for MCIP 2017-2020 is set out at the bottom of the table.

SPI Category	KPIs	Judgement	SPI 2020 2019 actuals	SPI 2019 2018 actuals	SPI 2018 2017 actuals	SPI 2017 2016 actuals	2015 actuals
USLP							
Health & Well-being	With our Dove brand help young people build up positive body confidence and self-esteem through educational programme (millions)	Over-achieved	>60m	35m	29m	23m	19.4m
Environmental Impact	Reduce CO_2 emissions from energy from our factories per tonne of production vs 2008 baseline (%)	Over-achieved	-65%	-52%	-47%	-43%	-39%
	Increase the recycled plastic material content in our packaging (% purchased)	Partly achieved	5%	4845T (<1%)	4850T	3830T	4900T
Enhancing Livelihoods	Source our procurement spend through suppliers meeting the mandatory requirements of our Responsible Sourcing Policy (%)	Achieved	70%	61%	55%	67%	54%
	Reduce our Total Recordable Frequency Rate (TRFR) for accidents in our factories and offices (#)	Achieved	0.76	0.69	0.89	1.01	1.12
Transformational change agenda							
Sustainable Palm Oil	Purchase crude palm oil from physically certified sustainable sources (%)	Over-achieved	95%	81%	56%	42%	19%
External recognition							
Rankings and ratings*	Achieve Leader/A ratings (number)	Over-achieved	5 of 5	3 of 5	4 of 5	5 of 5	4 of 5
Annual SPI outcome		130%		125%	120%	120%	
Average SPI outcome for **MCIP 2017-2020**		124%					

* DJSI, CDP Climate, CDP Water, CDP Forests, GlobeScan

Share price growth MCIP 2017-2021



(a) The conditional number of shares awarded (including decimals) at the share price on the award date. This number includes the Unilever N.V. shares awarded on the award date. These Unilever N.V. shares converted into Unilever PLC shares (on a one-on-one ratio) upon Unification on 29 November 2020 which is why only Unilever PLC shares are provided in this table.
(b) The business performance ratio applied to the original conditional share award (including decimals) at the share price on the award date.
(c) The dividends accrued on the original conditional share award (including decimals) at the share price on the award date.
(d) The nominal movement in share price between the award date and the vesting date applied to the original conditional share award plus accrued dividends (including decimals) multiplied by the business performance ratio.
(e) The final value of the award on the vesting date using the exchange rate on the vesting date of €1 = £0.8711 and €1= $1.2136. The actual number of vested shares can be found on page 95. The share values for Alan Jope are grossed up for tax and social security.

Scheme interests awarded in the year (Audited)

MCIP Plan Conditional matching share award made on 24 April 2020	
Basis of award	Based on the level of 2019 annual bonus paid in 2020 invested by the CEO and CFO. The following numbers of matching shares were awarded on 24 April 2020 (vesting on 15 February 2024)[(a)]: **CEO:** ▪ PLC – 39,594 **CFO:** ▪ PLC – 23,795 Maximum vesting results in 200% of the above awards vesting. Dividend equivalents may be earned (in cash or additional shares) on the award when and to the extent that the award vests.
Maximum face value of awards	▪ CEO: €3,650,301[(b)] ▪ CFO: €2,193,739[(b)]
Threshold vesting (% of target award)	Four equally weighted long-term performance measures. 0% of the target award vests for threshold performance.
Performance period	1 January 2020 – 31 December 2023 (with a requirement to hold vested matching shares for a further one-year retention period).
Details of performance measures	Performance measures:

MCIP 2020 – 2023 awards

	Weighting	Threshold	Max
Underlying Sales Growth (CAGR)	25%	2.0% 0%	6.0% 200%
Underlying EPS Growth (CAGR, Current FX)	25%	2.0% 0%	8.0% 200%
Return On Invested Capital (Exit year %)	25%	15.0% 0%	20.0% 200%
Sustainability Progress Index (Committee assessment of USLP progress)	25%	0% 0%	200% 200%

(a) Under the legacy MCIP, Executive Directors invested in Unilever N.V. or Unilever PLC shares, and received a corresponding number of performance-related matching shares. On 24 April 2020, the CEO and the CFO invested the maximum value of their 2019 annual bonus (i.e. 67%) in MCIP investment shares (Alan Jope elected to receive Unilever N.V. shares only and Graeme Pitkethly elected to receive Unilever PLC shares only, in line with the share choice provisions in operation at the time). Upon Unification on 29 November 2020 all Unilever N.V. shares were converted into Unilever PLC shares (on a one-on-one ratio), which is why only Unilever PLC shares are provided in this table.

(b) Face values are calculated by multiplying the number of shares granted on 24 April 2020 (including decimals) by the share price on that day of PLC £40.92, assuming maximum performance and therefore maximum vesting of 200% for MCIP and then translating into euros using an average exchange rate over 2020 of €1 = £0.8877.

Impact of Covid-19

The MCIP awards were granted, in line with the normal grant timetable, in late April – shortly after the outbreak of Covid-19. No adjustment was made to the level of MCIP awards granted because, in accordance with the applicable remuneration policy, the number of shares subject to each MCIP award was based on the portion of 2019 bonus which executives had already chosen to invest in Unilever shares at the time of award, so the Committee had limited flexibility to adjust grant levels for any element of windfall. Further, at the time of grant, it was too early to tell whether or not there would be windfall gains from the grant of awards because of their four-year time horizon and the fact that the immediate drop in Unilever's share price from its pre-Covid-19 levels was not as pronounced as that suffered by many other companies (particularly given it was not then clear whether that drop would be sustained over the longer term).

When the MCIP awards vest, the Committee will look again at the question of windfall gains by looking at the following factors:
- the level of share price growth delivered over the vesting period, compared to historical and expected norms;
- an assessment of any share price growth that may be attributable to an improvement in Unilever performance, as opposed to general market / sector-specific movements.

If the Committee concludes that there have been windfall gains, it may use its discretion to adjust the formulaic outcome of the performance conditions to mitigate the impact of any windfall. When determining whether or not there have been windfall gains in relation to the 2020 MCIP awards, the Committee will take into account share price movements over the whole vesting period of the 2020 MCIP awards – with particular focus on the share price and share price volatility over the portion of the vesting period during which the pandemic is determined to impact performance.

Minimum shareholding requirement and Executive Director share interests (Unaudited)

The remuneration arrangements applicable to our Executive Directors require them to build and retain a personal shareholding in Unilever within five years of their date of appointment to align their interests with those of Unilever's shareholders. Incoming Executive Directors will be required to retain all shares vesting from any share awards made since their appointment until their minimum shareholding requirements have been met in full.

The table below shows the Executive Directors' share ownership against the minimum shareholding requirements as at 31 December 2020 and the interest in PLC ordinary shares of the Executive Directors and their connected persons as at 31 December 2020.

When calculating an Executive Director's personal shareholding the following methodology is used:
- fixed pay at the date of measurement;
- shares in PLC will qualify provided they are personally owned by the Executive Director, by a member of his (immediate) family or by certain corporate bodies, trusts or partnerships as required by law from time to time (each a 'connected person');

- shares purchased under the legacy MCIP, whether from the annual bonus or otherwise, will qualify as from the moment of purchase as these are held in the individual's name and are not subject to further restrictions;
- shares or entitlements to shares that are subject only to the Director remaining in employment will qualify on a net of tax basis;
- shares awarded on a conditional basis by way of the legacy GSIP or legacy MCIP will not qualify until the moment of vesting (i.e. once the precise number of shares is fixed after the three-year vesting period for the legacy GSIP, or a four-year vesting period for the legacy MCIP, has elapsed);
- the shares will be valued on the date of measurement or, if that outcome fails the personal shareholding test, on the date of acquisition.

The share price for the relevant measurement date will be based on the average closing share prices and the euro/sterling/US dollar exchange rates from the 60 calendar days prior to the measurement date.

Any Executive Director who leaves after the date of the new Remuneration Policy has effect will be required to maintain at least 100% of their minimum shareholding requirement for two years after leaving. ULE members are required to build a shareholding of 400% of Fixed Pay (500% for the CEO). This requirement is 250% of Fixed Pay for the 'Top 75' management layer below ULE.

Executive Directors' and their connected persons' interests in shares and share ownership (Audited)

	Share ownership guideline as % of fixed pay (as at 31 December 2020)	Have guidelines been met (as at 31 December 2020)	Actual share ownership as a % of Fixed Pay (as at 31 December 2020)[a]	Shares held as at 1 January 2020[b]		Shares held as at 31 December 2020[c]	
				PLC	PLC ADS	PLC	PLC ADS
CEO: Alan Jope	500%	Yes	834%	11,112	200,338	37,508	214,714
CFO: Graeme Pitkethly	400%	Yes	632%	153,890	–	144,366	–

(a) Calculated based on the minimum shareholding requirements and methodology set out above and the headline fixed pay for the CEO and CFO as at 31 December 2020 (€1,508,000 for the CEO and €1,135,960 for the CFO).
(b) As per 1 January 2020 Alan Jope held 11,112 Unilever N.V. shares and 151,141 Unilever NV NY shares and Graeme Pitkethly held 39,535 Unilever N.V. shares. These Unilever N.V. shares converted into Unilever PLC shares (on a one-on-one ratio) upon Unification on 29 November 2020 which is why only Unilever PLC shares are provided in this table.
(c) PLC shares are ordinary 3⅑p shares.

During the period between 31 December 2020 and 23 February 2021, the following changes in interests have occurred:
- Graeme Pitkethly purchased 6 PLC shares under the PLC ShareBuy Plan: 3 on 11 January 2021 at a share price of £44.45, and a further 3 on 8 February 2021 at a share price of £40.02; and
- as detailed under headings (D) on page 92, on 16 February 2021:
  - Alan Jope acquired 7,985 PLC ADSs shares following the vesting of his 2017 MCIP award; and
  - Graeme Pitkethly acquired 10,074 PLC shares following the vesting of his 2017 MCIP award.
- as detailed under headings (D) on page 91, on 17 February 2021:
  - Graeme Pitkethly acquired 14,638 PLC shares following the vesting of his 2018 GSIP award.

The voting rights of the Directors (Executive and Non-Executive) and members of the ULE who hold interests in the share capital of PLC are the same as for other holders of the class of shares indicated. As at 23 February 2021 none of the Directors' (Executive and Non-Executive) or other ULE members' shareholdings amounted to more than 1% of the issued shares in that class of share. All shareholdings in the table above are beneficial. On page 68 the full share capital of PLC has been described. Page 129 and 130 set out how many shares Unilever held to satisfy the awards under the share plans.

Information in relation to outstanding share incentive awards

As at 31 December 2020, Alan Jope held awards over a total of 83,647 shares which are subject to performance conditions, and Graeme Pitkethly held awards over a total of 112,063 shares which are subject to performance conditions. There are no awards of shares without performance conditions and no awards in the form of options.

Management Co-Investment Plan (Audited)

The following conditional shares were outstanding at 31 December 2020 under the MCIP:

		Balance of conditional shares at January 2020	Conditional shares awarded in 2020[a]					Balance of conditional shares at 31 December 2020	
	Share type	No. of shares[b]	Performance period 1 January 2020 to 31 December 2023	Price award	Dividend shares accrued during the year[e]	Vested in 2020[f]	Price at vesting	Additional shares earned in 2020[g]	No. of shares
Alan Jope	PLC	17,050[c]	39,594	€45.27	1,589	–	–	–	58,233
	PLC ADS	24,575[c]	–		839	–	–	–	25,414
Graeme Pitkethly	PLC	57,587[d]	23,795	£40.92	2,532	–	–	–	83,914

(a) On 24 April 2020, Alan Jope and Graeme Pitkethly each invested in the legacy MCIP the maximum value of their annual bonus earned during 2019 and paid in 2020, and received a corresponding award of 1.5x matching shares (which will vest, subject to performance, on 15 February 2024).
(b) As per 1 January 2020 Alan Jope held 17,050 Unilever N.V. conditional shares and 24,575 Unilever NV NY conditional shares and Graeme Pitkethly held 18,959 Unilever N.V. conditional shares. These Unilever N.V. shares converted into Unilever PLC shares (on a one-on-one ratio) upon Unification on 29 November 2020 which is why only Unilever PLC shares are provided in this table.
(c) This includes a grant of 8,607 NV NY shares made on 17 May 2017 (which vested on 16 February 2021), a grant of 14,454 NV NY shares made on 23 April 2018 (vesting on 16 February 2022) a grant of 16,668 NV shares on 23 April 2019 (vesting on 9 February 2023), and 382 NV shares and 1,514 NV NY shares from reinvested dividends accrued in prior years in respect of awards.
(d) This includes a grant of 5,423 of each NV and PLC shares made on 17 May 2017 (vesting on 16 February 2021), a grant of 12,408 of each NV and PLC shares made on 3 May 2018 (vesting on 16 February 2022), a grant of 19,196 PLC shares on 23 April 2019 (vesting on 9 February 2023) and 1,128 NV shares and 1,601 PLC shares from reinvested dividends accrued in prior years in respect of awards.
(e) Reflects reinvested dividend equivalents accrued during 2020 and subject to the same performance conditions as the underlying matching shares.
(f) There was no MCIP vesting in 2020 due to the extension of the performance period following the approval of the remuneration policy in 2018.
(g) This includes the additional shares earned and accrued dividends as result of a business performance multiplier on vesting above 100%.

Directors' Remuneration Report continued

Global Share Incentive Plan (Audited)

The following conditional shares vested during 2020 or were outstanding at 31 December 2020 under the GSIP:

		Balance of conditional shares at January 2020[(a)]					Balance of conditional shares at 31 December 2020
	Share type	No. of shares[(b)]	Dividend shares accrued during the year[(e)]	Vested in 2020[(f)]	Price at vesting	Additional shares earned in 2020[(g)]	No. of shares
Alan Jope	PLC ADS	11,689[(c)]	–	13,910	$60.53	2,221	–
Graeme Pitkethly	PLC	58,121[(d)]	927	36,769	£46.12	5,870	28,149

(a) In accordance with the remuneration policy adopted by shareholders in May 2018 no GSIP award has been granted after 2018.
(b) As per 1 January 2020 Alan Jope held 5,842 Unilever NV NY conditional shares and Graeme Pitkethly held 29,011 Unilever N.V. conditional shares. These Unilever N.V. shares converted into Unilever PLC shares (on a one-on-one ratio) upon Unification on 29 November 2020 which is why only Unilever PLC shares are provided in this table.
(c) This includes a grant of 5,370 of each NV NY and PLC ADS shares made on 13 February 2017 (which vested on 13 February 2020), and 472 NV NY and 477 PLC ADS shares from reinvested dividends accrued in prior years in respect of awards.
(d) This includes a grant of 14,171 of each NV and PLC shares made on 13 February 2017 (which vested on 13 February 2020), a grant of 12,772 of each NV and PLC shares made on 16 February 2018 (vesting 17 February 2021), and 2,068 NV shares and 2,167 PLC shares from reinvested dividends accrued in prior years in respect of awards.
(e) Reflects reinvested dividend equivalents accrued during 2020, subject to the same performance conditions as the underlying GSIP shares.
(f) The 13 February 2017 grant vested on 13 February 2020 at 119% for both Alan Jope and Graeme Pitkethly.
(g) This includes the additional shares earned and accrued dividends as result of a business performance multiplier on vesting above 100%.

Executive Directors' service contracts

Starting dates of our Executive Directors' service contracts:
- Alan Jope: 1 January 2019 (signed on 16 December 2020); and
- Graeme Pitkethly: 1 October 2015 (signed on 16 December 2015).

Service contracts are available to shareholders to view at the AGMs or on request from the Group Secretary, and can be terminated with 12 months' notice from Unilever or six months' notice from the Executive Director. A payment in lieu of notice can be made of no more than one year's fixed pay and other benefits. Other payments that can be made to Executive Directors in the event of loss of office are disclosed in our remuneration policy which is available on our website.

www.unilever.com/remuneration-policy

Payments to former Directors (Audited)

The table below shows the 2020 payments to Paul Polman in accordance with arrangements made with him upon his stepping down as CEO on 31 December 2018 and his retirement from employment with Unilever effective 2 July 2019. These arrangements were disclosed in the directors' remuneration report in the Unilever Annual Report and Accounts 2018.

Paul Polman	(€'000)
Benefits[(a)]	655
GSIP 2018-2020 (pro-rated)[(b)]	631
MCIP 2017-2020 (pro-rated)[(c)]	673
Total Remuneration	1,959

(a) This includes tax preparation fees and social security.
(b) Actual time pro-rated GSIP vesting (46%) on 17 February 2021 of 6,860 Unilever PLC shares at a closing share price of £39.30 and 6,857 Unilever PLC shares at a closing share price of €45.81.
(c) Actual time pro-rated MCIP vesting (59%) on 16 February 2021 of 14,622 Unilever PLC shares at a closing share price of €46.02.

There have been no other payments to former Directors nor have there been any payments for loss of office during the year.

Implementation of the remuneration policy for Non-Executive Directors

The current Non-Executive Director fee levels will not be changed for 2021, and we will review fee levels for 2022 during the course of the year. The table below outlines the current fee structure with fees set in euros and paid by Unilever PLC (in sterling) shown using an exchange rate of 1 pound £ = €1.2817 (rounded).

Roles and responsibilities	2021 Annual Fee €	2020 Annual Fee €
Basic Non-Executive Director Fee	108,949	108,949
Chairman (all inclusive)	833,105	833,105
Senior Independent Director (modular)	51,270	51,270
Member of Nominating and Corporate Governance Committee	19,226	19,226
Member of Compensation Committee	23,071	23,071
Member of Corporate Responsibility Committee	19,226	19,226
Member of Audit Committee	29,479	29,479
Chair of Nominating and Corporate Governance Committee	38,452	38,452
Chair of Compensation Committee	38,452	38,452
Chair of Corporate Responsibility Committee	38,452	38,452
Chair of Audit Committee	51,270	51,270

All reasonable travel and other expenses incurred by Non-Executive Directors in the course of performing their duties are considered to be business expenses and so are reimbursed. Non-Executive Directors also receive expenses relating to the attendance of their spouse or partner, when they are invited by Unilever.

Single figure of remuneration in 2020 for Non-Executive Directors (Audited)

The table below shows a single figure of remuneration for each of our Non-Executive Directors, for the years 2019 and 2020.

	2020			2019		
Non-Executive Director	Fees[a] €'000	Benefits[b] €'000	Total remuneration €'000	Fees[a] €'000	Benefits[b] €'000	Total remuneration €'000
Nils Andersen[c]	778	–	778	211	10	220
Laura Cha	134	–	134	121	–	121
Vittorio Colao[d]	138	–	138	139	33	172
Marijn Dekkers[e]	47	–	47	673	35	708
Judith Hartmann	129	–	129	127	19	146
Andrea Jung[f]	135	–	135	121	–	121
Susan Kilsby	129	–	129	53	–	53
Mary Ma[g]	–	–	–	81	–	81
Strive Masiyiwa[h]	138	–	138	139	–	139
Youngme Moon[i]	168	–	168	169	–	169
John Rishton[j]	150	–	150	151	16	168
Feike Sijbesma	138	–	138	139	–	139
Total	2,084	–	2,084	2,124	113	2,237

(a) This includes fees received from Unilever for 2019 and 2020 respectively. Includes basic Non-Executive Director fee and committee chairmanship and/ or membership. Where relevant, amounts for 2019 have been translated into euros using the average exchange rate over 2019 (€1 = £0.8799). Amounts for 2020 have been translated into euros using the average exchange rate over 2020 (€1 = £0.8877).
(b) The only benefit received relates to travel by spouses or partners where they are invited by Unilever. There was no travel by the spouses or partners in 2020 due to the Covid-19 pandemic.
(c) Chairman and Chair of the Nominating and Corporate Governance Committee.
(d) Chair and member of the Compensation Committee until 18 February 2021.
(e) Retired from the Board at the May 2020 AGMs.
(f) Chair of the Compensation Committee from 18 February 2021.
(g) Passed away on 31 August 2019.
(h) Chair of the Corporate Responsibility Committee.
(i) Senior Independent Director.
(j) Chair of the Audit Committee.

We do not grant our Non-Executive Directors any personal loans or guarantees or any variable remuneration, nor are they entitled to any severance payments.

Percentage change in remuneration of Non-Executive Directors

The table below shows the five-year history year-on-year percentage change for fees and other benefits for the current Non-Executive Directors.

	Total Remuneration[a]					
Non-Executive Director	% change from 2019 to 2020	% change from 2018 to 2019	% change from 2017 to 2018	% change from 2016 to 2017	% change from 2015 to 2016	% change from 2014 to 2015
Nils Andersen	253.9%	69.2%	16.1%	-12.5%	62.0%	–
Laura Cha	10.8%	5.2%	7.5%	-10.1%	-2.5%	20.8%
Vittorio Colao[b]	-19.9%	35.4%	23.3%	-3.7%	87.7%	–
Marijn Dekkers	-93.3%	-6.5%	2.3%	42.6%	–	–
Judith Hartmann	-11.4%	14.1%	14.3%	-8.2%	52.5%	–
Andrea Jung	11.8%	51.3%	–	–	–	–
Susan Kilsby	144.0%	–	–	–	–	–
Strive Masiyiwa	-0.9%	6.1%	18.0%	56.3%	–	–
Youngme Moon	-0.8%	15.0%	42.7%	45.1%	–	–
John Rishton	-10.9%	17.5%	12.6%	-9.3%	5.3%	24.3%
Feike Sijbesma	-0.9%	3.0%	6.3%	-3.8%	3.9%	693.8%

(a) Non-Executive Directors receive an annual fixed fee and do not receive any Company performance-related payment. Therefore, the year-on-year % changes are mainly due to changes in committee chair or memberships, mid-year appointments of Non-Executive Directors, fee increases as disclosed in earlier directors' remuneration reports and changes in the average sterling: euro exchange rates. Susan Kilsby joined Unilever in August 2019 and therefore her change from 2019 to 2020 shows a larger percentage change than for a usual mid year joiner. Marijn Dekkers stepped down as Chairman in November 2019 and retired in April 2020, and was succeeded by Nils Andersen, hence his larger percentage increase from 2019 to 2020. Feike Sijbesma joined Unilever in November 2014 and therefore his change from 2014 to 2015 shows a larger % change than for a usual mid-year joiner.
(b) Stepped down as Director on 18 February 2021.

Non-Executive Directors' interests in shares (Audited)

Non-Executive Directors are encouraged to build up a personal shareholding of at least 100% of their annual fees over the five years from appointment. The table shows the interests in Unilever N.V. and Unilever PLC ordinary shares as at 1 January 2020 and Unilever PLC ordinary shares as at 31 December 2020, as result of Unification on 29 November 2020, of Non-Executive Directors and their connected persons. This is set against the minimum shareholding recommendation. There has been no change in these interests between 31 December 2020 and 23 February 2021 (other than Susan Kilsby, who bought 1,000 PLC shares on 8 February 2021 at a share price of £40.03 and John Rishton, who bought 1,256 PLC shares on 9 February 2021 at a share price of £39.51).

Non-Executive Director	Share type	Shares held at 31 December 2020	Share type	Shares held at 1 January 2020	Actual share ownership as a % of NED fees (as at 31 December 2020)
Nils Andersen	PLC	21,014	NV	21,014	131%
Laura Cha	PLC	3,518	NV	2,660	128%
			PLC	858	
Vittorio Colao[a]	PLC	5,600	NV	5,600	198%
Marijn Dekkers[b]	PLC ADS	20,000	NV NY	20,000	2,089%
Judith Hartmann	PLC	2,500	NV	2,500	94%
Andrea Jung	PLC	4,576	NV	4,576	165%
Susan Kilsby	PLC	1,250	PLC	–	47%
Strive Masiyiwa	PLC	1,130	PLC	1,130	40%
Youngme Moon	PLC ADS	3,500	NV NY	3,500	102%
John Rishton	PLC	5,340	NV	3,340	173%
			PLC	2,000	
Feike Sijbesma	PLC	10,000	NV	10,000	353%

(a) Stepped down as Director on 18 February 2021.
(b) Shares held at 30 April 2020.

Non-Executive Directors' letters of appointment

All Non-Executive Directors were reappointed to the Boards at the 2020 AGMs.

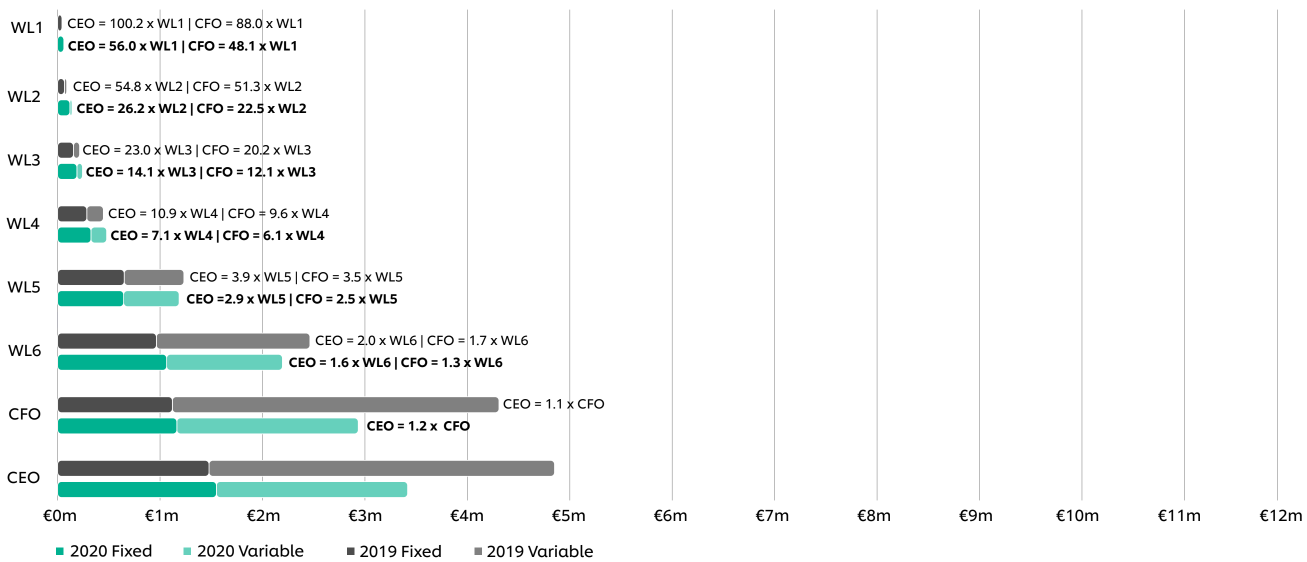
Non-Executive Director	Date first appointed to the Boards	Effective date of current appointment[a]
Nils Andersen	30 April 2015	30 April 2020
Laura Cha	15 May 2013	30 April 2020
Vittorio Colao	1 July 2015	30 April 2020
Marijn Dekkers	21 April 2016	n/a
Judith Hartmann	30 April 2015	30 April 2020
Andrea Jung	3 May 2018	30 April 2020
Susan Kilsby	1 August 2019	30 April 2020
Strive Masiyiwa	21 April 2016	30 April 2020
Youngme Moon	21 April 2016	30 April 2020
John Rishton	15 May 2013	30 April 2020
Feike Sijbesma	1 November 2014	30 April 2020

(a) Apart from Vittorio Colao who stepped down as a Director on 18 February 2021, the unexpired term for all Non-Executive Directors' letters of appointment is the period up to the 2021 AGM, as they all, unless they are retiring, submit themselves for annual reappointment. Letters of appointment were amended in November and December 2020 to reflect Unification.

Other disclosures related to Directors' remuneration (Unaudited)

Unilever regularly looks at pay ratios throughout the company, and the pay ratio between each work level, and we have disclosed this for a number of years. The table below provides a detailed breakdown of the fixed and variable pay elements for each of our UK and Dutch work levels, showing how each work level compares to the CEO and CFO in 2020 (with equivalent figures from 2019 included for comparison purposes). Going forward we will disclose this compared to UK work levels.

CEO/CFO Pay Ratio Comparison (split by fixed/variable pay)



Figures for the CEO and CFO are calculated using the data from the Executive Directors' single figure table on page 90. Accordingly, the year-on-year comparison reflects the significant drop in total compensation for the Executive Directors in 2020. This has been the result of the lower performance outcomes on bonus and long-term incentives, as well as the ending of the legacy GSIP. The numbers are further impacted by fluctuation in the exchange rates used to convert pay elements denominated in pounds sterling to euros for reporting purposes in 2019. From 2019 the CEO and CFO fixed pay is paid in euros. Where relevant, amounts for 2019 have been translated using the average exchange rate over 2019 (€1 = £0.8799), and amounts for 2020 have been translated using the average exchange rate over 2020 (€1 = £0.8877).

Annual bonus and long-term incentives (MCIP) for the UK and Dutch employees were not calculated following the statutory method for single figure pay. Instead, variable pay figures were calculated using:

- target annual bonus values multiplied by the actual bonus performance ratio for the respective year (disregarding personal performance multipliers, which equal out across the population as a whole); and
- MCIP values calculated at an appropriate average for the relevant Work Level of employees, i.e. an average 45% investment of bonus for WL3 employees; 60% for WL4-5 employees; and 100% for WL6 employees, mulitplied by the actual MCIP business performance ratio.

Fixed pay figures reflect all elements of pay (including allowances) and benefits paid in cash.

Directors' Remuneration Report continued

CEO pay ratio comparison

The table below is included to meet UK requirements and shows how pay for the CEO compares to our UK employees at the 25th percentile, median and 75th percentile.

Year		25th Percentile	Median Percentile	75th Percentile	Mean Pay Ratio
Year ended 31 December 2020	Salary:	**£34,298**	**£41,010**	**£55,000**	
	Pay and benefits:	**£45,713**	**£55,751**	**£80,670**	
	Pay ratio (Option A):	**67**	**55**	**38**	**50**
Year ended 31 December 2019	Salary:	£38,510	£45,154	£59,988	
	Pay and benefits (excluding pension):	£50,689	£61,086	£87,982	
	Pay ratio (Option A):	83	69	48	51

Figures for the CEO are calculated using the data from the Executive Directors' single figure table on page 90 translated into sterling using the average exchange rate over 2020 (€1 = £0.8877).

Option A was used to calculate the pay and benefits (including pension) of the 25th percentile, median and 75th percentile UK employees because the data was readily available for all UK employees of the group and Option A is the most accurate method (as it is based on total full-time equivalent total reward for all UK employees for the relevant financial year). Figures are calculated by reference to 31 December 2020, and the respective salary and pay and benefits figures for each quartile are set out in the table above. Full-time equivalent figures are calculated on a pro-rated basis.

Variable pay figures for the UK employees are calculated on the basis set out in the paragraph for other work levels below the 'CEO/CFO pay ratio comparison' table. The reason for this is it would be unduly onerous to recalculate these figures when, based on a sample, the impact of such recalculation is expected to be minimal.

Year-on-year comparisons reflects the lowering incentive performance outcomes in 2020. For the overall UK employee calculation salary has increased by approximately 1.29% (despite the lowering of performance outcomes and changes in FTE's), which is aligned to our defined peer group at the 50th percentile (market median), that we benchmark against on a yearly basis.

Additionally, in the UK we are required to show additional disclosures on the rates of change in pay year on year. The pay ratios set out above are more meaningful as they compare to the pay of all of our UK employees. By contrast, the UK regulations require us to show the percentages below based on employees of our PLC top company only, which forms a relatively small proportion of our total UK workforce. So, whilst operationally we may pay greater attention to our internal pay ratios (included above in the 'CEO/CFO pay ratio comparison' table), these new required figures are as follows:

Percentage change in remuneration of Executive Directors (CEO/CFO)

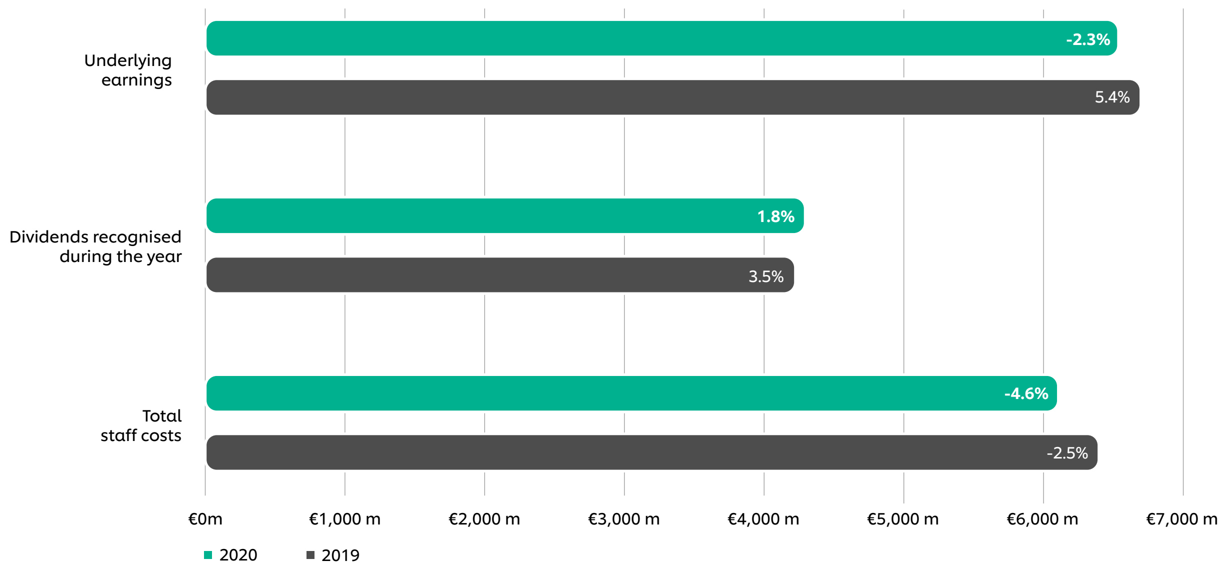
The table below shows the five-year history year-on-year percentage change for fixed pay, other benefits (excluding pension) and bonus for the CEO, CFO and PLC's employees (based on total full-time equivalent total reward for the relevant financial year) pursuant to UK requirements. The respective changes in percentages in fees for our Non-Executive Directors are included in the table 'Percentage change in remuneration of Non-Executive Directors' on page 98.

		Fixed pay	Other benefits (not including pension)	Bonus
% change from 2019 to 2020	CEO[(a)(b)]	**4.0%**	**36.6%**	**-39.1%**
	CFO[(a)(c)]	**3.0%**	**40.7%**	**-39.7%**
	PLC employees[(d)]	**1.7%**	**30.2%**	**-3.0%**
% change from 2018 to 2019	CEO[(a)(b)]	-9.5%	-92.3%	-7.4%
	CFO[(a)]	4.2%	4.8%	7.9%
	PLC employees[(d)]	15.0%	-5.2%	9.7%
% change from 2017 to 2018	CEO[(a)]	11.3%	-19.2%	-16.5%
	CFO[(a)]	8.2%	8.3%	-10.5%
	PLC employees[(d)]	8.4%	-5.0%	-3.9%
% change from 2016 to 2017	CEO[(a)]	-6.9%	5.0%	0.8%
	CFO[(a)]	-2.2%	-5.5%	21.1%
	PLC employees[(d)]	-6.8%	-7.0%	14.5%
% change from 2015 to 2016	CEO[(a)]	-11.0%	-5.1%	-11.0%
	CFO[(a)(c)]	-30.8%	-32.2%	14.3%
	PLC employees[(d)]	10.1%	19.1%	16.6%
% change from 2014 to 2015	CEO[(a)]	11.3%	14.5%	55.8%
	CFO[(a)(c)]	-16.6%	-27.6%	4.4%
	PLC employees[(d)]	0.3%	20.7%	79.0%

(a) Calculated using the data from the Executive Directors' single figure table on page 90 (for information on exchange rates please see the footnotes in that table).
(b) As result of a lower differentiation factor for the bonus in 2020, the Bonus from 2019 to 2020 decreased compared to prior years. As at 1 January 2020 the tax gross-up has been added in the cost instead of in base salary and therefore the Other Benefits increased from 2019 to 2020 compared to prior years. As at 1 January 2019 Alan Jope succeeded Paul Polman as CEO and therefore the CEO remuneration from 2018 to 2019 decreased compared to prior years as Alan Jope's Fixed Pay was set at a level lower than Paul Polman's.
(c) As result of a lower differentiation factor for the bonus in 2020, the Bonus from 2019 to 2020 decreased compared to prior years. As at 1 January 2020 the tax gross-up has been added in the cost instead of in base salary and therefore the Other Benefits increased from 2019 to 2020 compared to prior years. As at October 2015 Jean-Marc Huet stepped down as CFO and therefore the figures only include ten months for 2015. Graeme Pitkethly succeeded Jean-Marc Huet as an Executive Director as per 21 April 2016, although he assumed the role of CFO as from October 2015. As a result the figure for 2016 include payments from May 2016 onwards. The CFO remuneration from 2015 to 2016 therefore decreased, which was also due to Graeme Pitkethly's Fixed Pay being set at a level lower than Jean-Marc Huet's. In 2013 the CFO received a one-off payment for the loss and costs on the sale of his house, as agreed upon his recruitment. Consequently, 'other benefits' decreased from 2014 to 2013.
(d) For the PLC employees, fixed pay numbers have been restated to include cash-related benefits employees receive as part of their total compensation, to ensure we can accurately compare fixed pay for them against that of the CEO and CFO. Figures are also affected by changes in the average sterling: euro exchange rates.

Relative importance of spend on pay

The chart below shows the relative spend on pay compared with dividends paid to Unilever shareholders and underlying earnings. Underlying earnings represent the underlying profit attributable to Unilever shareholders and provides a good reference point to compare spend on pay. The chart below shows the percentage of movement in underlying earnings, dividends and total staff costs versus the previous year.



In calculating underlying profit attributable to shareholders, net profit attributable to shareholders is adjusted to eliminate the post-tax impact of non-underlying items in operating profit and any other significant unusual terms within net profit but not operating profit (see note 7 on page 133 for details).

CEO single figure ten-year history

The table below shows the ten-year history of the CEO single figure of total remuneration:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CEO single figure of total remuneration (€'000)	6,010	7,852	7,740	9,561	10,296	8,370	11,661	11,726	4,894	3,447
Annual bonus award rates against maximum opportunity	68%	100%	78%	66%	92%	92%	100%	51%	55%	32%
GSIP performance shares vesting rates against maximum opportunity	44%	55%	64%	61%	49%	35%	74%	66%	60%	n/a
MCIP matching shares vesting rates against maximum opportunity	n/a	n/a	n/a	81%	65%	47%	99%	88%	n/a	42%

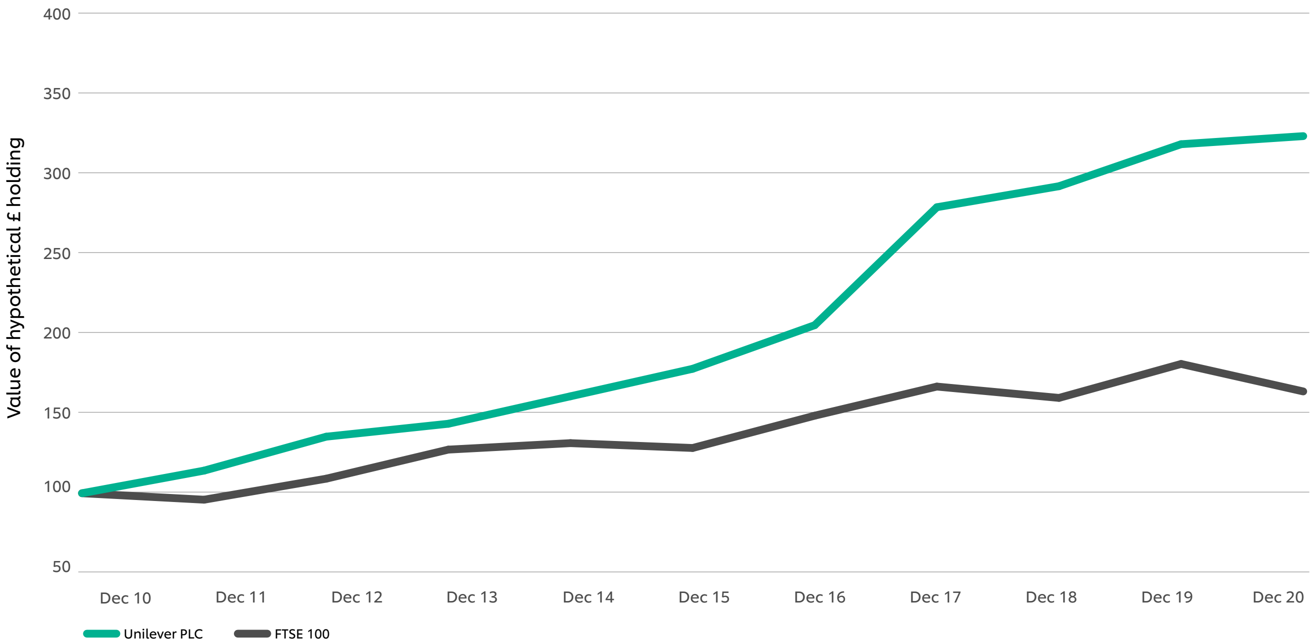
Directors' Remuneration Report continued

Ten-year historical Total Shareholder Return (TSR) performance

The graph below includes growth in the value of a hypothetical £100 investment over ten years' FTSE 100 comparison based on 30-trading-day average values.

The table below shows Unilever's performance against the FTSE 100 Index, which is the most relevant index in the UK where we have our principal listing. Unilever is a constituent of this index.

Ten-year historical TSR performance



Serving as a non-executive on the board of another company

Unilever recognises the benefit to the individual and the Group of senior executives acting as directors of other companies in terms of broadening Directors' knowledge and experience, but the number of outside directorships of listed companies is generally limited to one per Executive Director. The remuneration and fees earned from that particular outside listed directorship may be retained (see 'Independence and Conflicts' on page 62 for further details).

For the reason above, Graeme Pitkethly is permitted to be a Non-Executive Director of Pearson PLC since 1 May 2019. In 2020 he received an annual fee of €104,014 (£92,333) (2019: €64,969 (£57,166)) (of which 25% was in accordance with Pearson's remuneration policy delivered in Pearson shares) based on an average exchange rate over 2020 of €1 = £0.8877. Figures for 2019 have been translated in euros based on an average exchange rate over 2019 of €1 = £0.8799.

The Compensation Committee

During 2020, the Committee met seven times and its activities included: determining the 2019 annual bonus outcome; determining vesting of the GSIP awards for the CEO, CFO and the ULE; approving the 2019 directors' remuneration report; setting the 2020 annual bonus and MCIP 2020-2023 performance measures and targets; reviewing fixed pay for the CEO and CFO and fees for the Non-Executive Directors; tracking external developments and assessing their impact on Unilever's remuneration policy and its implementation, in particular in Covid-19 context; review of the remuneration policy, underlying reward principles and proposed changes to the Remuneration Policy, including extensive consultation with investors and proxy agencies (see page 77 of the Committee's Chair letter), workforce pay, including pay philosophy and pay positioning, review of gender pay gap data, and progress on the Fair Compensation Framework.

The Committee operates within its terms of reference which were last updated on 29 November 2020. The Committee's revised terms of reference are contained within 'The Governance of Unilever', and are also set out on our website.

www.unilever.com/investor-relations/agm-and-corporate-governance/

As part of the Board evaluation carried out in 2020, the Boards evaluated the performance of the Committee. The Committee also carried out an assessment of its own performance in 2020. Overall the Committee members concluded that the Committee is performing effectively. The Committee has agreed to further enhance its effectiveness by continuing to closely monitor (regulatory) developments and trends in the executive remuneration landscape to gain insights of stakeholders' views.

Advisers

While it is the Committee's responsibility to exercise independent judgement, the Committee does request advice from management and professional advisers, as appropriate, to ensure that its decisions are fully informed given the internal and external environment.

Tom Gosling and Fiona Camenzuli of PricewaterhouseCoopers (PwC) provided the Committee with independent advice on various matters it considered. During 2020, the wider PwC firm has also provided tax and consultancy services to Unilever including tax compliance, transfer pricing, other tax-related services, managed legal services, internal audit advice and secondees, third-party risk and compliance advice, cyber security advice, sustainability assurance and consulting and merger and acquisition support. PwC is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK, which is available online.

www.remunerationconsultantsgroup.com (Code of Conduct: Executive Remuneration Consulting)

The Committee is satisfied that the PwC engagement partner and team, which provide remuneration advice to the Committee, do not have connections with PLC that might impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. The fees paid to PwC in relation to advice provided to the Committee in the year to 31 December 2020 were £196,000. This figure is calculated based on time spent and expenses incurred for the majority of advice provided, but on occasion for specific projects a fixed fee may be agreed.

During the year, the Committee also sought input from the CEO (Alan Jope), the Chief Human Resources Officer (Leena Nair) and the VP Global Head of Reward (Constantina Tribou) on various subjects including the remuneration of senior management. No individual Executive Director was present when their own remuneration was being determined to ensure a conflict of interest did not arise, although the Committee has separately sought and obtained Executive Directors' own views when determining the amount and structure of their remuneration before recommending individual packages to the Boards for approval. The Committee also received legal and governance advice from the Chief Legal Officer and Group Secretary (Ritva Sotamaa) and the Chief Counsel Executive Compensation & Employment (Margot Fransen).

Shareholder voting

Unilever remains committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. In the event of a substantial vote against a resolution in relation to Directors' remuneration, Unilever would seek to understand the reasons for any such vote and would set out in the following Annual Report and Accounts any actions in response to it. The following table sets out actual voting in respect of our previous report:

Voting outcome (% of votes)		For	Against	Witheld
2019 Directors' remuneration report (2020 AGM) (excluding the Directors' remuneration policy)	PLC	**95.51%**	4.49%	12,833,255
2019 Directors' remuneration report (2020 AGM) (excluding the Directors' remuneration policy)	NV	**96.44%**	3.56%	1,139,351
2017 Directors' remuneration policy (2018 AGM)	PLC	**64.19%**	35.81%	38,734,868
2017 Directors' remuneration policy (2018 AGM)	NV	**73.06%**	26.94%	15,018,135

The Directors' Remuneration Report has been approved by the Board, and signed on their behalf by Ritva Sotamaa, Chief Legal Officer and Group Secretary.