

Ministry of Economic Affairs  
and Climate Policy

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Date

Re Recent developments concerning Unilever

**Our ref.**  
DGBI-TOP / 20163500

**Your ref.**

Dear Madam President,

On 11 June 2020 Unilever's board announced a proposal to simplify its corporate structure with a UK PLC as a holding company.<sup>1</sup> At the same time, it committed to discuss, through a newly established joint strategic advisory group, with the Dutch government the direction of the business and the strengthening of the Food and Refreshment (F&R) activities in the Netherlands. In addition, Unilever has already made commitments that will strengthen Unilever's activities in the Netherlands. Unilever has included its commitments in a letter to the Dutch government, which I share with Parliament as an attachment to this letter. In this letter, and in agreement with the Minister of Finance, I will inform the Parliament about Unilever's plans and how the government views this. I will also explain the role that the government has taken and will continue to take in the future.

**Encl.**  
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What does Unilever's proposal entail?

Unilever's board has indicated that it wants to simplify the company's structure by switching from a dual structure, with a UK PLC and a Dutch NV, to a unitary structure comprising only of a PLC as a holding company. Unilever states that this is a legal step aimed at simplifying its structure so that the company can better respond to strategic developments and opportunities. Unilever states that this simplification will not have consequences for its activities and jobs in the Netherlands. At the same time, Unilever has committed to discuss further strengthening its F&R activities in the Netherlands and has confirmed that, if there were ever to be a listing of the F&R business as an independent company, it would be incorporated and listed in the Netherlands. To jointly cooperate and discuss the direction of the business and the strengthening of these activities in the Netherlands, a joint strategic advisory group is being established, in which Unilever (including the CEO), the Dutch government and external advisers will participate. In addition, Unilever has already committed that additional roles in the European supply chain headquarter will be moved to Rotterdam and that other

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<sup>1</sup> PLC stands for Public Limited Company. This is the UK equivalent of the Dutch *Naamloze Vennootschap* (NV).

arrangements will be put in place for intellectual property across its three divisions, and Unilever has agreed to explore opportunities with the Dutch government to encourage R&D and innovation in plant-based foods, sustainability, food systems resilience and nutrition. These plans will help to further strengthen Unilever's F&R business in the Netherlands, of which the worldwide headquarters are already located in Rotterdam.

How does the government view Unilever's proposal to adopt a unitary structure?

In mid May, Unilever's board informed the government that it proposed to move towards a unitary structure with a UK PLC as a holding company. The government regrets this proposal and would prefer a simplification towards a Dutch holding company. However, we understand that there will be no impact on the activities of Unilever in the Netherlands as a result of the simplification. These activities contribute to the Netherlands' earning capacity, our research and development ecosystem, and to tackling social challenges such as increasing the use of plant-based food.

Unilever's proposal should not come as a complete surprise, in light of developments in recent years. On 6 April 2017, following the takeover proposal by Kraft Heinz earlier that year, Unilever announced that it wanted to simplify the company structure and would review its dual parent structure. This prompted the previous and present governments, partly at the Parliament's request,<sup>2</sup> to enter into dialogue with Unilever. The aim was to keep as many of the company's activities and jobs as possible in the Netherlands and expanding them where possible.<sup>3</sup>

On 15 March 2018, Unilever announced that it proposed to adopt a unitary structure with a Dutch holding company. In the months that followed it became clear that a significant proportion of shareholders did not support this proposal, and Unilever withdrew its plans on 5 October 2018. At the same time, the board indicated that it still favoured a unitary structure and was reviewing its options. This review has now resulted in the company's proposal to simplify to a unitary structure with a PLC as a holding company.

Such a proposal is the responsibility of the company itself. The board weighs up the advantages and disadvantages of the various options and strategic alternatives, and then submits a proposal to its shareholders.

Joint efforts aimed at strengthening F&R activities in the Netherlands

Given the company's importance to the Dutch economy (see text box), the government has regular contacts with Unilever, as indeed it has with many companies. These discussions generally relate to how jobs and activities of Unilever in the Netherlands can be strengthened and expanded. In recent years Unilever has steadily intensified and clustered its food-based activities in the Netherlands. In 2018 it decided to base its global F&R headquarters in Rotterdam,

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<sup>2</sup> Questions by MP Maarten Hijink (Socialist Party) on 7 April 2017 (2017D09639) and questions by MPs Jan Paternotte (Democrats '66) and Eppo Bruins (Christian Union) on 13 April 2017 (2017D10405).

<sup>3</sup> House of Representatives, 2017–2018, 32 637, no. 296.

moving around 250 F&R jobs from London to Rotterdam. In addition, in 2019 the company opened a new global food R&D Centre at the campus, centralising the food R&D activities formerly conducted in Vlaardingen, Germany and Poland.

**Our ref.**  
DGBI-TOP / 20163500

**Unilever's contribution to the Dutch economy**

*The Dutch activities of Unilever have traditionally been focused on the area of food. Unilever was founded on 1 January 1930, when the Dutch company Margerine Unie merged with the British soap manufacturer Lever Brothers. To this day, the Netherlands retains its strong position in Unilever's F&R activities. The F&R division's global headquarters is in Rotterdam. The headquarters of the company's other two divisions (Home Care and Beauty & Personal Care) are based in London. Unilever contributes directly and indirectly to the Dutch economy in a range of areas:*

- Around 2,500 people work at Unilever in the Netherlands. In addition, the Dutch business works with over 4,200 Dutch suppliers.*
- The Netherlands is home to the global headquarters of the F&R division, the Benelux headquarters and the international factories of Ben & Jerry's and the Vegetarische Slager.*
- In late 2019 Unilever opened the new Global Foods R&D Centre on the campus of Wageningen University and Research, an investment worth €85 million. Here, around 450 people from many different countries collaborate with knowledge partners, other companies and startups on innovations aimed at fostering a sustainable food system. Unilever is thus a key player in the internationally renowned Dutch knowledge-and-innovation ecosystem in the area of food and agriculture.*
- Unilever is also an internationally recognised leader on sustainability, as illustrated by its multiple top-ranking positions in its sector on the Dow Jones Sustainability Index in recent years. This makes Unilever an important player that is helping achieve the societal transformation we need in areas such as climate change, the circular economy and food production.*

Following the contacts with Unilever mid May 2020, the government had intensive discussions with the aim to bolster and firmly root its activities in the Netherlands. Through the new joint strategic advisory group, the government and Unilever will discuss ways to jointly continue strengthening these activities. The commitment of Unilever that, if there were ever to be a listing of the F&R Division as an independent company it would be incorporated and listed in the Netherlands, gives the government confidence to work with the company to discuss the direction of the business and the strengthening of these activities in the Netherlands. The government has a positive stance towards the recent plans of Unilever, and would welcome a direction which would possibly, of course depending on the future developments, even result in an independent company of considerable size, incorporated and listed in the Netherlands. This would further strengthen the Netherlands' world-leading competitive position in agri-food.

In conclusion, the government regrets Unilever's proposal to switch to a unitary structure with a UK PLC as a holding company. However, we are optimistic about

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the (future) development of Unilever's F&R activities in the Netherlands and its contribution to the Netherlands' competitive position in agri-food.

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Yours faithfully,

Eric Wiebes  
Minister of Economic Affairs and Climate Policy