Unilever's proposal to rationalise its share structure and move its HQ to the Netherlands

Many members will be aware that Unilever is planning to simplify its share structure by scrapping its dual UK / Dutch structure and moving its headquarters to the Netherlands. UKSA and ShareSoc are very doubtful whether these changes will be in the best interests of most private shareholders.

Unilever's plans will result in their plc shares being taken over by NV shares, which will be listed in Holland and will no longer be part of the FTSE100.

Aviva and M&G have announced they intend to vote against the proposed changes. Other asset managers are also concerned and the UK plc vote on 27 October looks like it might be close.

Typically, only 6% of retail shareholders vote their shares, which is due to a mixture of the difficulties of the nominee system, the clunkiness of some broker platforms and general apathy as often the retail vote makes no difference. This time, the retail vote could be crucial, so retail shareholders should make the effort and vote.

ShareSoc and UKSA dislike Unilever's proposals for the following reasons.

1. The Unilever dual listing model has worked for decades. The dual listing model works for Royal Dutch Shell and BHP Billiton, neither of whom feel the need to change it.
2. There are potential tax consequences if Holland changes its withholding tax rules.
3. There will be a loss of transparency for UK shareholders in that there will be no opportunity to quiz directors at a UK plc AGM.
4. We are losing a £113bn market cap (plc £50 bn is market cap, the rest is NV) to the Dutch in a nil premium takeover.
5. Removal from FTSE 100 index will mean many funds will have to divest. Reduction in demand for Unilever shares is almost certain to reduce the Unilever share price in the short/medium term.

There are reasons favouring the move, but we believe that they are not strong:

1. Stronger takeover protection which will enable Unilever to manage better for the longer term and reduce pressures for short term performance. However, takeover protection has been explicitly stated by Unilever as not a consideration in their deliberations.

2. Simplification of the structure. The benefits have not been quantified. However there will be costs associated with the move. The cost/benefit and payback period appear unclear and unproven.
3. HQ in continental Europe, post Brexit. We believe it I would be better if the HQ were to remain in Britain. Most of the asset managers owning Unilever shares are based in the UK. Unilever's proposal to move its head office to the Netherlands would set a bad precedent based on flimsy evidence of commercial benefits post-Brexit.

The London Stock Exchange seems to be indifferent to the loss of Unilever. This is regrettable. It is also a surprising position - LSE shareholders must be very worried about the lost income, particularly if others follow suit

VOTE NOW!

- **we believe that the proposed changes will not be in the interests of most private shareholders;**
- **how you vote is up to you, but do consider the issues carefully and make sure you exercise your vote.**