

ITEM 3. KEY INFORMATION CONTINUED

EXCHANGE RATES

Unilever reports its financial results and balance sheet position in euros. Other currencies which may significantly impact our financial statements are sterling and US dollars. Average and year-end exchange rates for these two currencies for the last five years are given below.

	2013	2012	2011	2010	2009
Year end					
€1 = US \$	1.378	1.318	1.294	1.337	1.433
€1 = £	0.833	0.816	0.839	0.862	0.888
Average					
€1 = US \$	1.325	1.283	1.396	1.326	1.388
€1 = £	0.849	0.811	0.869	0.858	0.891

On 3 March 2014 the exchange rates between euros and US dollars and between euros and sterling as published in the Financial Times in London were as follows: €1 = US \$1.377 and €1 = £0.824

Noon Buying Rates in New York for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York were as follows:

	2013	2012	2011	2010	2009
Year end					
€1 = US \$	1.378	1.319	1.297	1.327	1.433
Average					
€1 = US \$	1.328	1.286	1.393	1.326	1.394
High					
€1 = US \$	1.382	1.346	1.488	1.454	1.510
Low					
€1 = US \$	1.277	1.206	1.293	1.196	1.255

High and low exchange rate values for each of the last six months:

	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014
High						
€1 = US \$	1.354	1.381	1.361	1.382	1.368	1.381
Low						
€1 = US \$	1.312	1.349	1.336	1.355	1.350	1.351

SHARE CAPITAL

The information set forth under the heading 'Note 15A Share capital' on page 116 of the Group's Annual Report and Accounts 2013 furnished separately on 7 March 2014 under Form 6-K is incorporated by reference.

B. CAPITALISATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Our principal risks, as described on pages 34 to 39 of the Group's Annual Report and Accounts 2013 furnished separately on 7 March 2014 under Form 6-K are incorporated by reference. The information set forth under the heading 'Note 16 Treasury risk management' on pages 120 to 125 of the Group's Annual Report and Accounts 2013 furnished separately on 7 March 2014 under Form 6-K is incorporated by reference.

RISK FACTORS

Our business is subject to risks and uncertainties. The risks that we regard as the most relevant to our business are set out below. There may be other risks which are unknown to Unilever or which are currently believed to be immaterial. We have undertaken certain mitigating actions that we believe help us to manage the risks identified below. However, we may not be successful in deploying some or all of these mitigating actions. If the circumstances in these risk factors occur or are not successfully mitigated, our cashflow, operating results, financial position, business and reputation could be materially adversely affected. In addition, risks and uncertainties could cause actual results to vary from those described in this document, or could impact on our ability to meet our targets or be detrimental to our profitability or reputation. This list is not intended to be exhaustive and there may be other risks and uncertainties that are not mentioned below that could impact our future performance or our ability to meet published targets. The risks and uncertainties discussed below should be read in conjunction with the Group's consolidated financial statements and related notes and the portions of the Strategic Report and Governance section that are incorporated by reference from the Group's Annual Report and Accounts 2013 (furnished separately on 7 March 2014 on Form 6-K) and other information included in or incorporated by reference in this Report on Form 20-F.

ITEM 3. KEY INFORMATION CONTINUED

PRINCIPAL RISK	DESCRIPTION OF RISK
BRAND PREFERENCE As a branded goods business, Unilever's success depends on the value and relevance of our brands and products to consumers across the world and on our ability to innovate and remain competitive.	<p>Consumer tastes, preferences and behaviours are constantly changing and Unilever's ability to anticipate and respond to these changes and to continue to differentiate our brands and products is vital to our business.</p> <p>We are dependent on creating innovative products that continue to meet the needs of our consumers. If we are unable to innovate effectively, Unilever's sales or margins could be materially adversely affected.</p>
PORTFOLIO MANAGEMENT Unilever's strategic investment choices will affect the long-term growth and profits of our business.	Unilever's growth and profitability are determined by our portfolio of categories, geographies and channels and how these evolve over time. If Unilever does not make optimal strategic investment decisions then opportunities for growth and improved margin could be missed.
SUSTAINABILITY The success of our business depends on finding sustainable solutions to support long-term growth.	Unilever's vision to double the size of our business while reducing our environmental footprint and increasing our positive social impact will require more sustainable ways of doing business. This means reducing our environmental footprint while increasing the positive social benefits of Unilever's activities. We are dependent on the efforts of partners and various certification bodies to achieve our sustainability goals. There can be no assurance that sustainable business solutions will be developed and failure to do so could limit Unilever's growth and profit potential and damage our corporate reputation.
CUSTOMER RELATIONSHIPS Successful customer relationships are vital to our business and continued growth.	<p>Maintaining strong relationships with our customers is necessary for our brands to be well presented to our consumers and available for purchase at all times.</p> <p>The strength of our customer relationships also affects our ability to obtain pricing and secure favourable trade terms. Unilever may not be able to maintain strong relationships with customers and failure to do so could negatively impact the terms of business with the affected customers and reduce the availability of our products to consumers.</p>
TALENT A skilled workforce is essential for the continued success of our business.	<p>Our ability to attract, develop and retain the right number of appropriately qualified people is critical if we are to compete and grow effectively.</p> <p>This is especially true in our key emerging markets where there can be a high level of competition for a limited talent pool. The loss of management or other key personnel or the inability to identify, attract and retain qualified personnel could make it difficult to manage the business and could adversely affect operations and financial results.</p>
SUPPLY CHAIN Our business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers.	<p>Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents or bankruptcy of a key supplier which could impact our ability to deliver orders to our customers.</p> <p>The cost of our products can be significantly affected by the cost of the underlying commodities and materials from which they are made. Fluctuations in these costs cannot always be passed on to the consumer through pricing.</p>
SAFE AND HIGH QUALITY PRODUCTS The quality and safety of our products are of paramount importance for our brands and our reputation.	The risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be excluded.
SYSTEMS AND INFORMATION Unilever's operations are increasingly dependent on IT systems and the management of information.	<p>We interact electronically with customers, suppliers and consumers in ways which place ever greater emphasis on the need for secure and reliable IT systems and infrastructure and careful management of the information that is in our possession.</p> <p>Disruption of our IT systems could inhibit our business operations in a number of ways, including disruption to sales, production and cash flows, ultimately impacting our results.</p> <p>There is also a threat from unauthorised access and misuse of sensitive information. Unilever's information systems could be subject to unauthorised access or the mistaken disclosure of information which disrupts Unilever's business and/or leads to loss of assets.</p>

ITEM 3. KEY INFORMATION CONTINUED

PRINCIPAL RISK	DESCRIPTION OF RISK
BUSINESS TRANSFORMATION Successful execution of business transformation projects is key to delivering their intended business benefits and avoiding disruption to other business activities.	Unilever is continually engaged in major change projects, including acquisitions and disposals and outsourcing, to drive continuous improvement in our business and to strengthen our portfolio and capabilities. Failure to execute such transactions or change projects successfully, or performance issues with third party outsourced providers on which we are dependent, could result in under-delivery of the expected benefits. Furthermore, disruption may be caused in other parts of the business.
EXTERNAL ECONOMIC AND POLITICAL RISKS AND NATURAL DISASTERS Unilever operates across the globe and is exposed to a range of external economic and political risks and natural disasters that may affect the execution of our strategy or the running of our operations.	Adverse economic conditions may result in reduced consumer demand for our products, and may affect one or more countries within a region, or may extend globally. Government actions such as fiscal stimulus, changes to taxation and price controls can impact on the growth and profitability of our local operations. Social and political upheavals and natural disasters can disrupt sales and operations. In 2013, more than half of Unilever's turnover came from emerging markets including Brazil, India, Indonesia, Turkey, South Africa, China, Mexico and Russia. These markets offer greater growth opportunities but also expose Unilever to economic, political and social volatility in these markets.
TREASURY AND PENSIONS Unilever is exposed to a variety of external financial risks in relation to Treasury and Pensions.	Changes to the relative value of currencies can fluctuate widely and could have a significant impact on business results. Further, because Unilever consolidates its financial statements in euros it is subject to exchange risks associated with the translation of the underlying net assets and earnings of its foreign subsidiaries. We are also subject to the imposition of exchange controls by individual countries which could limit our ability to import materials paid in foreign currency or to remit dividends to the parent company. Currency rates, along with demand cycles, can also result in significant swings in the prices of the raw materials needed to produce our goods. Unilever may face liquidity risk, i.e. difficulty in meeting its obligations, associated with its financial liabilities. A material and sustained shortfall in our cash flow could undermine Unilever's credit rating, impair investor confidence and also restrict Unilever's ability to raise funds. We are exposed to market interest rate fluctuations on our floating rate debt. Increases in benchmark interest rates could increase the interest cost of our floating rate debt and increase the cost of future borrowings. In times of financial market volatility, we are also potentially exposed to counter-party risks with banks, suppliers and customers. Certain businesses have defined benefit pension plans, most now closed to new employees, which are exposed to movements in interest rates, fluctuating values of underlying investments and increased life expectancy. Changes in any or all of these inputs could potentially increase the cost to Unilever of funding the schemes and therefore have an adverse impact on profitability and cash flow.
ETHICAL Acting in an ethical manner, consistent with the expectations of customers, consumers and other stakeholders, is essential for the protection of the reputation of Unilever and its brands.	Unilever's brands and reputation are valuable assets and the way in which we operate, contribute to society and engage with the world around us is always under scrutiny both internally and externally. Despite the commitment of Unilever to ethical business and the steps we take to adhere to this commitment, there remains a risk that activities or events cause us to fall short of our desired standard, resulting in damage to Unilever's corporate reputation and business results.
LEGAL AND REGULATORY Compliance with laws and regulations is an essential part of Unilever's business operations.	Unilever is subject to local, regional and global laws and regulations in such diverse areas as product safety, product claims, trademarks, copyright, patents, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment and taxes. Failure to comply with laws and regulations could expose Unilever to civil and/or criminal actions leading to damages, fines and criminal sanctions against us and/or our employees with possible consequences for our corporate reputation. Changes to laws and regulations could have a material impact on the cost of doing business. Tax, in particular, is a complex area where laws and their interpretation are changing regularly, leading to the risk of unexpected tax exposure.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

The information set forth under the following headings of the Group's Annual Report and Accounts 2013 furnished separately on 7 March 2014 under Form 6-K is incorporated by reference:

- 'About Unilever' on page 42;
- 'Financial Review 2013' on pages 26 to 33;
- 'Requirements and compliance' on pages 47 to 50;
- 'Note 10 Property, Plant and Equipment' on pages 111 and 112;
- 'Note 21 Acquisitions and disposals' on pages 131 and 132;
- 'Share Capital' on pages 51 and 52;
- 'Analysis of shareholding' on pages 51 and 52; and
- 'Shareholder information' on pages 146 and 147 (other than 'Website').

Please refer also to 'Financial Review 2012' within Item 5A of this report and 'The Unilever Group' on page 1 of this report.

B. BUSINESS OVERVIEW

The information set forth under the following headings of the Group's Annual Report and Accounts 2013 furnished separately on 7 March 2014 under Form 6-K is incorporated by reference:

- 'Note 2 Segment information' on pages 96 and 97;
- 'Reaching more consumers' on page 18;
- 'Financial Review 2013' on pages 26 to 33; and
- 'Legal and Regulatory' on page 39.

Please refer also to 'Financial Review 2012' within Item 5A of this report.

Please also refer to 'The Unilever Group' on page 1 of this report.

MARKETING CHANNELS

Unilever's products are generally sold through our own sales force as well as through independent brokers, agents and distributors to chain, wholesale, co-operative and independent grocery accounts, food service distributors and institutions. Products are physically distributed through a network of distribution centres, satellite warehouses, company-operated and public storage facilities, depots and other facilities.

RAW MATERIALS

Our products use a wide variety of raw and packaging materials which we source internationally, and which may be subject to price volatility. Although we have seen rather more stable conditions in key commodity markets in 2013 we remain watchful for further periods of volatility in 2014.

SEASONALITY

Certain of our businesses, such as ice cream, are subject to significant seasonal fluctuations in sales. However, Unilever operates globally in many different markets and product categories, and no individual element of seasonality is likely to be material to the results of the Group as a whole.

INTELLECTUAL PROPERTY

We have a large portfolio of patents and trademarks, and we conduct some of our operations under licences that are based on patents or trademarks owned or controlled by others. We are not dependent on any one patent or group of patents. We use all appropriate efforts to protect our brands and technology.

COMPETITION

As a FMCG (fast moving consumer goods) company, we are competing with a diverse set of competitors. Some of these operate on an international scale like ourselves, while others have a more regional or local focus. Our business model centres on building brands which consumers know, trust, like and buy in conscious preference to competitors'. Our brands command loyalty and affinity and deliver superior performance.

INFORMATION PRESENTED

Unless otherwise stated, share refers to value share. The market data and competitive set classifications are taken from independent industry sources in the markets in which Unilever operates.

IRAN-RELATED REQUIRED DISCLOSURE

Unilever operates in Iran through a non-US subsidiary. In 2013, sales in Iran were significantly less than one percent of Unilever's worldwide turnover. This non-US subsidiary had €2,426 in gross revenues and €679 in net profits attributable to the sale of home, personal care and food products to local pharmacies controlled by the Government of Iran or affiliated entities in 2013. This non-US subsidiary stopped making these sales in October 2013 and does not intend to resume that business. In addition, we advertised our products on television networks that are owned by the Government of Iran or affiliated entities. Income, payroll and other taxes, duties and fees (including for utilities) were payable to the Government of Iran and affiliated entities in connection with our operations. Our non-US subsidiary maintains bank accounts in Iran to facilitate our business in the country and make any required payments to the Government of Iran and affiliated entities. Our activities in Iran comply in all material respects with applicable laws and regulations, including US and other international trade sanctions, and except as described above, we plan to continue these activities.

C. ORGANISATIONAL STRUCTURE

The information set forth under the heading 'Note 26 Principal group companies and non-current investments' on pages 134 and 135 of the Group's Annual Report and Accounts 2013 furnished separately on 7 March 2014 under Form 6-K is incorporated by reference.

Please also refer to 'The Unilever Group' on page 1 of this report.

D. PROPERTY, PLANT AND EQUIPMENT

We have interests in properties in most of the countries where there are Unilever operations. However, none is material in the context of the Group as a whole. The properties are used predominantly to house production and distribution activities and as offices. There is a mixture of leased and owned property throughout the Group. We are not aware of any environmental issues affecting the properties which would have a material impact upon the Group, and there are no material encumbrances on our properties. Any difference between the market value of properties held by the Group and the amount at which they are included in the balance sheet is not significant. We believe our existing facilities are satisfactory for our current business and we currently have no plans to construct new facilities or expand or improve our current facilities in a manner that is material to the Group.

The information set forth under the following headings of the Group's Annual Report and Accounts 2013 furnished separately on 7 March 2014 under Form 6-K is incorporated by reference:

- 'Note 10 Property, plant and equipment' on pages 111 and 112; and
- 'Note 26 Principal group companies and non-current investments' on pages 134 and 135.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.