Unilever UK Pension Fund

UNILEVER UK PENSION FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

UNILEVER UK PENSION FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

CONTENTS

Unilever UK Pension Fund (established under Trust Deed, 31 January 2000 and subsequent amendments)

Unilever PLC is the principal Employer of the Unilever UK Pension Fund ('the Fund' or 'the UUKPF'), which provides pensions and cash sums to retiring members, or to their families in the event of their death. (Throughout the remainder of this report, 'the Company' or 'Unilever' means either Unilever PLC, or another participating Employer, or a combination of participating Employers.)

Unilever UK Pension Fund Trustees Limited is the trustee of the Fund. Unilever PLC and Unilever UK Pension Fund Trustees Limited share the power to remove and appoint trustees. (Throughout the remainder of this report, 'Trustees' means the Directors of Unilever UK Pension Fund Trustees Limited.)

This document confers no rights to contributions or benefits. Rights to contributions and benefits are conferred solely on the terms and subject to the conditions set out in the Trust Deed and Rules of the Unilever UK Pension Fund from time to time in force.

Pension Schemes Registry No. 10247063

UNILEVER UK PENSION FUND
FROM THE CHAIR OF THE TRUSTEES

CHAIR'S INTRODUCTION
Welcome to the UUKPF's Annual Report and Financial Statements for the Fund year ended 31 March 2023.

Background and key developments
The management of the Fund for 2022/23 once again took place in the shadows of the very difficult external environment resulting from the military conflict in Ukraine, high inflation, and the fallout from the 2022 Autumn mini Budget.

Despite this difficult economic background, our DB funding level increased slightly over the year. This was very much aided by the changes that we had made to our DB investment strategy over the last two years which involved de-risking the fund on an on-going basis as our funding level improved.

Just after the year end, we completed the triennial actuarial valuation of the DB section of the Fund and agreed new contribution arrangements with Unilever.

During the year, we also completed a strategic review of our administration and investment approach for our defined contribution (DC) sections. This we believe will enhance the efficiency and robustness of our DC arrangements.

The tax and regulatory environment for UK occupational pension schemes also continues to evolve with the UK Pensions Regulator (TPR) providing, amongst other things, helpful guidance in dealing with pension scams. The Government also announced some important changes to the Lifetime and Annual Allowances that will make pension saving more attractive for some of our members.

Review of the year

DB funding and investment matters
We finalised our 31 March 2022 triennial actuarial valuation just after the year end. This is an important financial health check on the position of the DB section of our Fund. I am pleased to report that the valuation disclosed a funding ratio of 113.4% on a Technical Provisions basis. This allows for the on-going nature of the Fund and its current investment strategy. We also pay very close attention to the funding ratio on our Low Employer Dependency (LED) basis which assumes a low risk investment strategy. Our long-term target is for our LED funding level to be at least 105.0%. At the 2022 valuation date it was at 105.0% and at the end of the Fund Year it was estimated to have increased to 106.4%.

Following the Autumn 2022 mini-Budget, that led to large increases in gilt yields and large falls in asset values for many fixed income asset classes, some pension funds had short term difficulties in managing their liquidity, particularly those that run a highly leveraged liability driven investment strategy (LDI) approach. We do run an LDI approach as this helps maintain our DB funding level in particular market circumstances. Our LDI approach is however not highly leveraged and so we did not run into any liquidity issues.

Sustainable investment
Sustainable investments continue to be an area of focus within the pensions industry. As Trustees, we have a belief that the global economy is already transitioning to a sustainability-driven economic model and therefore that one of our investment objectives should be to build resilient investment portfolios that are favourably positioned with respect to the risks and opportunities resulting from this transition. During the year we took further steps to help ensure we meet our 2029 target to reduce the carbon footprint of our DB and DC investment portfolios by 50%. This included, as part of our strategic DC review, substantial changes to our DC equity implementation approach and the continued measurement of our carbon emissions. Further information on how we approach managing climate risks is set out in our Implementation Statement on page 47.

DC matters
The defined contribution sections of the UUKPF, the Investing plan for those with at least some DB benefits and the Retirement Savings plan for new hires since 1 October 2022, represent an increasingly important part of our assets amounting to around £223m at the end of the Fund year. During the Fund year we completed our strategic review of our DC investment approach. As a result, we are making some changes to the asset class allocations to some of our DC investment funds and some of the investment managers that we use. In particular, we have decided to move our Global Equity assets to the two equity funds that are run by our in-house investment services team, Univest Company. These Univest funds have very strong credentials particularly with regard to sustainability.

Unilever matters

During the year, Unilever completed the sale of its ekaterra tea business. As reported in last year's Annual Report, given the relative size of the tea business and the well-funded nature of the UUKPF we did not view the sale as particularly significant for the UUKPF. It did however mean that around 300 members switched from being contributing to deferred members. During the year, Unilever implemented a change in its structure from a matrix structure into one that is based around five Business Groups. We independently review the strength of the covenant that Unilever provides to the UUKPF. I am pleased to report that it continues to be viewed as very strong.

Administration and communications

The day-to-day DB administration of the Fund is carried out by Capita. During the Fund year, Capita maintained very high performance standards against their service level agreement with us. Nonetheless, during the year, we undertook a high-level review of the DB pension market to ensure that Capita remain an appropriate long-term partner for the UUKPF. We also continued to work with Capita to review the benefits for some of our members who may be impacted by the need to equalise Fund benefits following a landmark "GMP equalisation" Court case. GMP equalisation will seek to adjust benefits for the impact of GMPs which historically have been calculated and paid differently for men and women.

Unfortunately, at the very end of the Fund year, we were made aware that Capita had suffered a cyber attack and that some of our members' data had been accessed on an unauthorised basis. The protection of our members' data is one of our top priorities and we were extremely disappointed about such unauthorised access and the very understandable concern and distress that this would cause to our members. Immediately on being informed of the incident, through our Executive, we worked very hard with Capita to understand the nature of the data incident, exactly what had caused it and what data had been accessed. We contacted our members to advise them of what had happened and, through Capita, we provided a service that enabled our members to monitor unusual bank account activity. Capita have provided us with assurances that the incident is now closed and that they have taken very considerable remedial steps to recover the data that had been accessed.

DC administration for the Investing plan and the Retirement Savings plan is outsourced to Fidelity and the service level from them during the year was very high. As part of our strategic DC review, we reconfirmed the appointment of Fidelity and negotiated a small reduction in their fee for administration services.

During the year, we also worked with Capita and Fidelity, our DC administrator, to enable us to connect to the new Pensions Dashboards that are being set up, although the Dashboards' timetable has now been delayed by the Government. In addition, our Executive team also worked very closely with the Unilever payroll team as they switched to a new provider and system on 1 April 2023 to make sure that pension information and contributions were maintained over what was a potentially difficult transition period.

As Trustees, we recognise the importance of good communications with our members. In fact, we strive not just to communicate with them but for our members to actively engage with the Fund, particularly at key decision points in their life cycle. We were therefore really pleased with the high levels of engagement of our actively employed members during the 2022 renewal period when members chose how to use their Benefits Envelope. Since the year end we have made available a subsidised Independent Financial Adviser service for those members who want specific advice. As part of the 2023 renewal exercise we communicated the changes to the Lifetime and Annual Allowances that will make pension saving more attractive for some of our members.

Changes to the Trustee Board

Shortly after the year end, we said goodbye to two of our Trustees, David Bloomfield and Beth Farrar. David reached his maximum number of terms of office as Trustee Director and was replaced by John Cryer who was elected as our new Pensioner Elected Trustee Director. I am pleased to report that Chris Winn was reappointed for a second term as the other Pensioner Elected Trustee Director. Beth was recently replaced by Laura Davies as a Company Appointed Trustee Director. I would like to thank David and Beth for their contribution to the Trustee Board which, in David's case, was for very many years. You can find out more about your Trustees on our website https://www.uukpf.co.uk/home/the_trustees.

Looking ahead

Our Trustee Board is now concentrating on the following areas of activity:

- Our longer term approach to administration and member engagement, e.g. how we might adopt or take advantage of new and emerging technologies to enhance our member services and drive efficiency gains.
- Reviewing our DB investment implementation approach following completion of our actuarial valuation.
- Implementing the agreed outcomes from our DC investment strategy review.
- Continuing the work required to meet the GMP equalisation and Dashboard requirements.

Lastly, I would like to thank my fellow Trustee Directors for all their support over the course of the year. I would also like to thank the Unilever executive teams (Unilever UK Pensions and Univest Company) and all our professional advisers who supported the Trustee Board throughout the year.

Virginia Holmes
Chair, Unilever UK Pension Fund Trustees Limited.
30 October 2023

UNILEVER UK PENSION FUND
TRUSTEES AND ADVISERS

Trustee Company: Unilever UK Pension Fund Trustees Limited

There are 11 Trustees on the Board of the Trustee Company:

- an independent Chair of the Trustees jointly appointed by the other Trustees and Unilever PLC,
- five Trustees appointed by Unilever PLC,
- four Trustees elected by members, and
- one Trustee selected after being nominated by deferred members.

Details of the Trustees' remuneration are in the notes to the financial statements on page 75.

Appointment and removal of Trustee Directors

Company Nominated and Independent Trustees are appointed in line with the Trust Deed and Rules.

The five member-nominated Trustees are appointed in line with the Trust Deed and Rules and the 'Arrangements for the Nomination and Selection of Member Nominated Directors' (the 'Arrangements'). These Arrangements allow for:

- two pensioner Trustees - nominated and elected by pensioners,
- one deferred member Trustee - nominated by deferred members and selected by the Board, and
- two active member Trustees - nominated and elected by active members. (There are two constituencies and each elects its own member.)

Trustees can be removed by a decision of all the other Trustees, or in line with the Arrangements and the Trust Deed and Rules.

Changes to the Board

Joining the Board	Ian Lawrence (appointed 27 April 2022) Catherine Stromdale (appointed 1 May 2022) Virginia Holmes (appointed 1 June 2022) John Cryer (appointed 1 May 2023) Laura Davies (appointed 21 June 2023)
Leaving the Board	Neil Bertram (resigned 30 April 2022) Tony Ashford (resigned 31 May 2022) David Bloomfield (resigned 1 May 2023) Beth Farrar (resigned 12 May 2023)

The current Trustees

Independent Chair	Virginia Holmes
Appointed by Unilever PLC	Laura Davies Stuart Hawthorn Ian Lawrence Charles Nichols Matthew Powell
Elected by eligible active employees	Alex Aquino Thomas Lingard
Selected from deferred members	Catherine Stromdale
Elected by eligible pensioners	John Cryer Chris Winn

Other roles

Fund Secretary to the Board	Andy Rowell
Independent investment DB expert	Ian Maybury
Independent DC expert	Mark Fawcett

Current key advisers

Fund Actuary	John Coulthard FIA, Aon Solutions UK Limited
Actuarial advisers	Aon Solutions UK Limited
Independent auditor	Grant Thornton UK LLP
Internal auditor	Deloitte LLP (until 5 January 2023) Ernst & Young LLP (appointed 20 February 2023)
Banker	HSBC Bank PLC
Custodian	The Northern Trust Company
Investment consultants	Redington Limited Barnett Waddingham LLP Willis Towers Watson
Covenant adviser	Penfida Partners LLP (until 31 January 2023) PricewaterhouseCoopers LLP (appointed 6 February 2023)
Investment managers	AXA Investment Management BlackRock Advisors (UK) Limited Cambridge Associates LLC CB Richard Ellis Global Investors Limited Fidelity Investments Life Assurance Limited Goldman Sachs International HPS Investment Partners LLC J.P. Morgan Asset Management (Europe) S.a.r.l. M&G Investment Management Limited Universal-Investment-Luxembourg S.A. * Pantheon Ventures (UK) LLP
Property valuer	Colliers International
Principle legal advisers	Travers Smith LLP Sackers & Partners LLP Linklaters LLP DLA Piper LLP

* Universal-Investment-Luxembourg S.A. is the Management Company for funds accessed through the Univest pooled investment vehicles. Accordingly, there are additional indirect investment managers of assets that are shown in the accounts as "pooled investment vehicles". For more information on Univest, see "Univest pooled arrangements" on page 43.

Administration and contact details

Unilever UK Pensions	Andy Rowell (Head of Trustee Services and Fund Secretary) Peter Bewley (Service Delivery Manager) Unilever UK Pensions 3 St James Road, Kingston KT1 2BA
Univest Company	Jayne Atkinson (Chief Investment Officer) 3 St James Road, Kingston KT1 2BA
Unilever Pensions Team	Unilever UK Pension Fund Capita PO Box 420 Darlington DL1 9WU Tel: 0800 028 0051 unileverpensionsteam@capita.co.uk

UNILEVER UK PENSION FUND
TRUSTEES' REPORT

Introduction

The Unilever UK Pension Fund is made up of two sections:

- a Defined Benefit ('DB') section – which is split into two parts: the "Career average plan" (closed to new entrants on 30 September 2021) and the "Final salary plan" (closed to new entrants on 31 December 2007 and to future pensionable service on 30 June 2012); and
- a Defined Contribution ('DC') section – membership is split into two categories of members: membership of what is referred to in this report as the "Investing plan" for most members with DB benefits and the "Retirement Savings plan", the DC plan mostly for new hires from 1 October 2021.

During the Fund year from 1 April 2022 to 31 March 2023, members of the Career average plan built up pension in each plan year of pensionable service as follows:

- Until 30 September 2022 - 1/80th of all pensionable earnings up to the higher level of £45,000
- From 1 October 2022 - 1/80th of all pensionable earnings up to the higher level of £47,475. The higher level will increase at future renewal dates, 1 October each year, in line with the increase in CPI.

Active members of the Career average plan can use the Investing plan to top up their benefits in addition to what they are building up in the Career average plan.

Members of the DC section who are not active members of the Career average plan can choose an employer DC contribution of up to 25.0% of pensionable earnings and can choose to top up the contributions by making additional voluntary contributions.

Membership profile

Below are summary figures for the Fund membership at 31 March 2023:

	DB	DC
Active members	4,010	922
Deferred members	26,389	176
Pensioner and Dependant members	37,522	-
Total	67,921	1,098

You can find a more detailed breakdown (including changes over the year) on pages 88 and 89.

Trustee meetings

Trustee Board and most Committee meetings are normally held quarterly to conduct the business of the Fund. Additional Working Party meetings are held when necessary. Full Board meetings were held in April, July, October 2022 and January 2023. At least one formal training day and a strategy day are also held each year.

The Trustees will meet more often and hold special Board meetings as required. During the Fund year there were however no additional Board meetings.

Trustee Committees

A number of Trustee Committees manage or oversee various matters delegated to them by the Trustee Board. Committee memberships as at 30 October 2023 are as below:

<u>Audit and Risk Committee ('ARC')</u>

Matthew Powell (Chairman)

Laura Davies

Catherine Stromdale

Chris Winn

(Secretary: Rebecca Bush)

The ARC acts as an audit committee for external and internal audits and oversees the Board's risk management processes and its fraud and whistleblowing policies. The ARC also has a governance oversight role in respect of administration and communication matters for both the DB and DC sections.

Investment and Funding Committee ('IFC')

Charles Nichols (Chairman)	Thomas Lingard
Virginia Holmes	Ian Maybury (Independent investment expert)
Ian Lawrence	(Secretary: Beverley Morgan)

The IFC's key role is to recommend a DB investment strategy to the Board and oversee its implementation when agreed. It selects the Fund's investment managers and monitors their performance against the targets set for them. The IFC also regularly reviews the funding level and considers other funding matters (although all funding decisions remain at Board level).

Defined Contribution Committee ('DCC')

Stuart Hawthorn (Chairman)	John Cryer
Alex Aquino	Mark Fawcett (Independent DC expert)
	(Secretary: Marjo Nivala)

The DCC looks at governance matters for the Fund's DC arrangements, as well as the ongoing suitability and performance of investment options in the Investing plan, Retirement Savings plan and the legacy Additional Voluntary Contributions ('AVC') arrangements.

Appeals and Discretions Committee ('ADC')

Catherine Stromdale (Chair)	Chris Winn
Alex Aquino	(Secretary: Peter Bewley)

The ADC meets when required to exercise certain discretionary powers for administration and death benefits and deals with any second stage Internal Dispute Resolution cases.

Pension increases

Final salary plan	Most pensions in payment (above Guaranteed Minimum Pensions ('GMPs')) built up before 1 January 2008 increase on 1 April each year in line with RPI inflation up to 5.0% a year. Pensions in payment built up between 1 January 2008 and 30 June 2012 increase on 1 April each year in line with RPI inflation up to 3.0%, unless the member had chosen to pay towards increases of up to 5.0%. The Fund is responsible for paying increases to certain parts of members' GMPs (where applicable).
Career average plan	Pensions in payment built up between 1 January 2008 and 30 June 2012 increase on 1 April each year in line with RPI inflation up to 2.5%. Pensions in payment built up from 1 July 2012 to 30 September 2021 increase on 1 April each year in line with RPI inflation up to 3.0%, unless the member had chosen to pay towards increases of up to 5.0%. Pensions in payment built up from 1 October 2021 increase on 1 April each year in line with CPI inflation up to 3.0%.

The increase in the RPI from January 2022 to January 2023 was 13.4% and for CPI it was 10.1%. These increases exceeded the caps on UUKPF pension increases and therefore the capped increases as above were applied. No discretionary increases from the Company were awarded so that the general increase to most pensions in payment (above the GMP) on 1 April 2023 was 5.0% (April 2022: 5.0%). Pensions from acquired pension funds may have different increases. The minimum increase applied to some pensions in payment was 0.0% and the maximum was 5.0%.

Deferred pensions increased by 5.0% for accrued Final salary and Career average benefits built up before 1 July 2012. Career average plan pensions built up from 1 July 2012 do not generally get an annual increase; they will be increased at retirement to reflect the increase over the period of deferment. Deferred pensions from acquired pension funds may have different increases. The lowest increase was 0.0% and the highest was 5.0%.

Changes to the Trust Deed and Rules

The official document governing the running of the Fund is the Trust Deed and Rules. Changes are made to that document from time to time through a Deed of Amendment, or by Resolution where allowed by legislation. During the Fund year no changes were made.

Report on Actuarial Liabilities

The Fund Actuary gives us an update of the Fund's funding level each year. This is either a full, formal valuation, which is carried out every three years, or an annual estimate in the intervening years. As the annual estimates are based on the assumptions used during the previous full formal valuation, and the membership profile at that date, they become less accurate over time. Reports setting out the annual funding position are available on request.

A formal valuation assesses how the Fund's assets compare with its liabilities (or, to use the official term, 'technical provisions'). The liabilities are based on assumptions about future events, the investment strategy adopted by the Trustees and the expected covenant provided by the Company.

The point of carrying out valuations is to monitor the funding situation and decide what actions are necessary to make up any shortfall they show. Our Fund's last completed formal valuation was 31 March 2022. It showed the following:

- The value of the technical provisions was: £9,655 million
- The value of the assets was: £10,947 million

The resulting surplus relative to the Fund's technical provisions was £1,292 million, or a funding level of 113.4%. The funding level at the prior valuation was 104.0%.

The valuation adopted the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cashflows, based on benefits accrued to the valuation date and the various assumptions made.

The key actuarial assumptions made in the 2022 valuation were:

Assumption	**% pa**
Discount rate	
- pre-retirement	1.40 – 3.47
- post-retirement	0.9 – 2.97
Rates of price inflation	
- UK retail price inflation - UK RPI	2.23 – 6.24
- UK consumer price inflation - UK CPI	2.13 – 5.24
Pension increases	
- RPI Max 5.0%	2.20 – 5.00
- RPI Max 3.0%	1.77 – 3.00
- RPI Max 2.5%	1.58 – 2.50
- CPI Max 3.0%	1.73 – 3.00
Pay increases	3.13 – 6.24

Mortality was based on the latest research taking into account the Fund's own experience. Assumed life expectancies fell from the last valuation. A pensioner aged 65 at the valuation date was assumed to live to age 87.6 (males) and 89.2 (females).

Following the High Court ruling on 26 October 2018 and subsequent judgements, in relation to the Lloyds Banking Group case, there has been issued a significant measure of clarity on GMP equalisation. The Fund Actuary has allowed for a reserve of 0.4% of the liabilities plus £4m in the technical provisions to allow for the estimated cost of GMP equalisation including in relation to historic transfers.

Members were issued with the results of the 2022 valuation in September 2023 in Pensions Brief and the Summary Funding Statement is available on https://www.uukpf.co.uk. Further detail on the method and actuarial assumptions used to determine the technical provisions is set out in the Statement of Funding Principles, which is available from the Fund Secretary on request.

A new Schedule of Contributions was agreed and is effective from 1 June 2023 and is included in this report. No deficit contributions are due under the Schedule of Contributions as the funding level was 113.4% at the valuation date. From 1 June 2023 to 30 June 2026 the Employers will pay normal contributions of £1,250,000 per month. There is an offset arrangement in place that also means that April and May 2023 will be at the same monthly rate.

Transfer values

Transfer values are calculated in line with Section 97 of the Pension Schemes Act 1993 as amended by The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, which came into force on 1 October 2008. A Cash Equivalent Transfer Value ('CETV') is a cash sum representing the expected cost of providing the member's benefits in the Fund. The Trustees set the assumptions for calculating CETVs (having taken advice from the Fund Actuary) which, taken as a whole, need to provide at least the "best estimate" of the amount required to make provision within the Fund for the member's benefits.

The Trustees reviewed the CETV calculation basis following the completion of the valuation of the Fund as at 31 March 2022. In July 2022, a communication was sent round to inform affected members that Unilever's discretionary practice of waiving the early retirement reductions from ages 60 to 65 will be gradually phased out, eventually ending 1 January 2025. During the Fund year, this practice continued for relevant members who met certain conditions, in line with the agreed phasing timeline. Transfer value calculations included an allowance for this only where the member concerned was already eligible for the discretionary practice to apply. Transfer value calculations did not allow for discretionary increases to pensions in payment or deferred pensions above the guaranteed amounts.

Trustee Knowledge and Understanding ('TKU')

By law, trustees of pension schemes are required to have a certain level of knowledge and understanding of pensions ('TKU'). The Fund continues to run a training programme to ensure that the Trustees meet the 'TKU' standards, which includes:

- an induction programme for new Trustees
- completing TPR's online trustee toolkit
- an annual Performance Development Plan process for Trustees to identify any gaps in knowledge, and activities they will undertake to develop their TKU
- keeping logs of training received during the year for each Trustee and the Board as a whole, and
- annual training days and regular on the job training as needed as specific matters are considered.

Other information

The Fund is a "registered pension scheme" for the purposes of the Finance Act 2004 and, as provided by legislation, some of its income and chargeable gains are free of taxation.

The Trustees confirm that the financial statements have been prepared and audited in accordance with the regulations made under Section 41 (1) and (6) of the Pensions Act 1995.

The Annual Report and Financial Statements were approved at a meeting of the Board on 18 October 2023.

On behalf of the Trustees

Virginia Holmes
Chair

Andy Rowell
Secretary

30 October 2023

UNILEVER UK PENSION FUND
DEFINED CONTRIBUTION ANNUAL STATEMENT

Introduction

The Unilever UK Pension Fund (the 'Fund') is a "hybrid" scheme as it provides both Defined Benefit (DB) and Defined Contribution (DC) benefits. The DB sections of the Fund are:

- The Final salary plan, closed to all members from 1 July 2012, and
- The Career average plan, closed to new entrants from 1 October 2021.

Defined Contribution section membership was available from 1 January 2008, allowing members of the DB sections to top up their benefits. From 1 October 2021 the section was expanded to allow for membership on a DC only basis as well i.e. for employees not currently building up DB benefits. Given that there are different types of members of this section, for ease throughout this statement we refer to there being two "plans":

- The "Investing plan" – for members who built/are building up benefits in the DB section at the same time as the DC section and members who opted out of the DB section on/after 30 September 2021, remained in relevant employment and built up/are building up benefits in just the DC section, and
- The "Retirement Savings plan" – for members of the DC section who are not classed as Investing plan members. These are mostly new hires from 1 October 2021.

The Fund's DC section and its "legacy" Additional Voluntary Contribution (AVC) arrangements are DC arrangements. When we refer to 'legacy' AVCs throughout this statement, we mean those AVC arrangements that were in place before the DC section and those DC arrangements that came into the Fund following Unilever's acquisition of another company which are not invested in the range of funds which are used for the DC section. Where a member with "legacy" AVCs has chosen to invest their funds in the same funds offered by the DC section, although they are not Investing plan members everything in this statement that refers to the Investing plan applies to them (including the Investing plan value for members section below).

This statement, which covers the period from 1 April 2022 to 31 March 2023, is only about the Fund's DC arrangements – it covers the Fund's DC section administered by Fidelity Investments Life Insurance Limited ('Fidelity') and the Fund's various legacy AVC arrangements which are held with a number of other external providers. It is a legal requirement for trustees to include an annual statement regarding governance of their DC arrangements in the report and accounts. This statement details how the Fund Trustees:

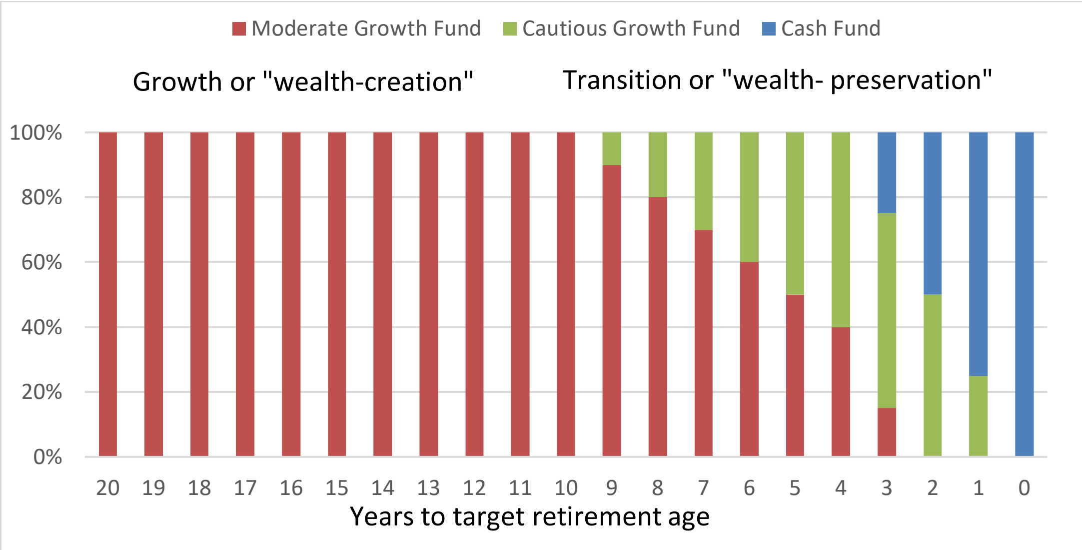
- have designed a default investment strategy that is in the members' interests and keep it under regular review;
- ensure that core financial transactions are processed promptly and accurately;
- have assessed the value of costs and charges borne by scheme members; and
- ensure Trustee Knowledge and Understanding requirements are met.

The default investment strategies

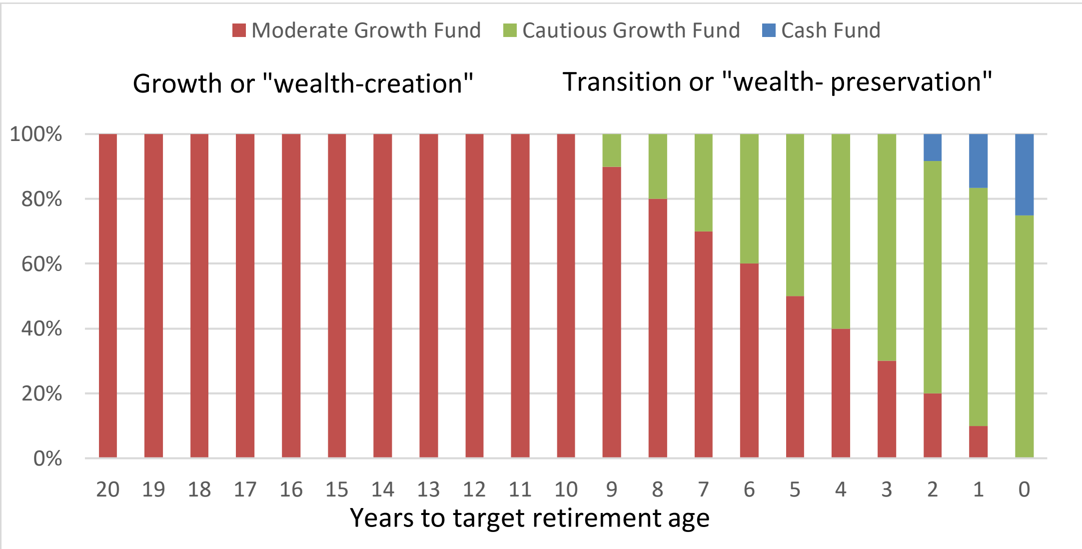
The Fund is used as a 'qualifying scheme' for auto-enrolment. The Investing plan and the Retirement Savings plan have a range of funds in which members can choose to invest, including a default investment strategy. Members who do not actively choose funds to invest in are placed in a default investment strategy which, for both the Investing plan and Retirement Savings plan are lifestyle arrangements with three funds: the Moderate Growth Fund, the Cautious Growth Fund and the Cash Fund. The Statement of Investment Principles for the default strategies ('Default SIP') attached as Appendix 1 gives more information about the default strategies. There is no default strategy associated with the legacy AVC arrangements.

The following graphs show the investment glidepaths of the default investment strategies:

Investing plan



Retirement Savings plan



DC section review (including the review of the default arrangements and their performance for the Investing plan and the Retirement Savings plan)

The Trustees review their aims, objectives and policies in relation to the funds available in the Investing plan and the Retirement Savings plan, including the default investment strategies, and the performance of default investment strategies, at least every three years.

The most recent full review of the Investing plan default strategy and the performance of this default arrangement took place in 2022 and was completed on 8 December 2022.

As part of the review the Trustees considered, among other things, the interests of members, the risk and return profile, fees and the performance of the default arrangements against its aims and objectives. As a result of the review, after considering the advice from a professional investment consultant, the Trustees reached the following conclusions:

- the current fund choices and their objectives remain appropriate for both the Investing plan and Retirement Savings plan members
- the current automatic switching facilities and default arrangements remain appropriate for both the Investing plan and Retirement Savings plan members

- the existing asset allocations should be retained for all funds except for the Real Return fund where it was agreed that the asset allocation should be adjusted to 30% Global Property, 40% Index Linked Gilts and 30% Infrastructure Equity

The following changes to the underlying funds making up the default investment strategies were also agreed:

- replacement of the manager of the developed equity allocation in the Global Equity Fund to improve manager diversification, risk profile and sustainability characteristics of the DC equity structure. This change impacts the Moderate Growth and Cautious Growth Funds.
- replacement of the Cash fund manager to increase opportunity set and portfolio liquidity. This change impacts the Cautious Growth Fund and the Cash Fund.

These changes were aimed at offering members better risk adjusted returns. The transfer of assets required to implement these changes took place in August 2023 and was completed successfully on 22 August 2023.

Changes to the Default SIP were approved on 7 August 2023 to reflect the changes to the default arrangements made as noted above. The Default SIP attached to this statement was approved again with no changes on 18 October 2023.

The next full review of both the Investing plan and Retirement Savings plan default strategies and the performance of those default arrangements will take place by 2025.

In addition to the processes described above, the Trustees also monitor the performance of the funds in the default arrangements on a quarterly basis. Based on the monitoring conducted during the Scheme year the Trustees are satisfied that the funds in the default arrangements were performing broadly as expected and consistent with their aims and objectives.

The Trustees are satisfied that the objectives of the funds making up the default investment strategies are being met, which is demonstrated by the table shown below.

Fund	Objective aim	1 year net return to 31 March 2023	3 year net return to 31 March 2023 (p.a.)	5 year net return to 31 March 2023 (p.a.)	Net return since launch* to 31 March 2023 (p.a.)
Moderate Growth Fund	Achieve a return over the long term (5 years or more) that exceeds the return on the Cautious Growth Fund (albeit with a higher prospect that a negative return could be experienced over the same period than the Cautious Growth Fund)	-6.0%	11.3%	5.3%	5.7%
Cautious Growth Fund	Achieve a return over the long term (5 years or more) that exceeds the return on the Cash fund (albeit with a higher prospect that a negative return could be experienced over the same period than the Cash fund)	-11.4%	2.5%	1.9%	4.5%
Cash Fund	Preserve capital whilst aiming to provide a return on investments similar to that which might be achieved on cash deposits in a bank or building society	2.1%	0.6%	0.6%	0.7%

* The launch date for the Moderate Growth Fund and the Cautious Growth Fund was 7 December 2007 and for the Cash Fund was 14 January 2008.

Core financial transactions

The efficient running of a DC arrangement depends on the prompt and accurate processing of financial transactions which include (but are not limited to):

- the investment of contributions to the DC arrangements;
- the transfer of assets relating to members into and out of the DC arrangements;
- the transfer of assets relating to members between different investments within the DC section; and

- payments from the DC arrangements to, or in respect of, members.

The completion of these transactions involves various external parties. The Trustees understand that if the above transactions are not processed correctly or are delayed, members' retirement savings could be affected. As such the Trustees operate measures and controls aimed at ensuring that the correct amounts for the correct members are invested, or paid out to, or in respect of members in a timely manner. It is the Fund's administrators – Capita and Fidelity – who process core financial transactions. The measures and controls operated by the Trustees are:

Service Level Agreements (SLAs)

Agreements are in place with both Capita and Fidelity by which they commit themselves to complete a range of tasks and which set out how long each task (including core transactions) should take and the agreed expectations for service level performance levels. The service levels are based on legal requirements, regulatory guidance and industry practice. In addition, to help Trustees monitor that the SLAs are being met:

- Fidelity and Capita report quarterly on their performance against those SLAs; and
- Fidelity confirm on a quarterly basis whether contributions have been processed accurately and in a timely manner by them in accordance with the agreed SLAs. Fidelity provided positive assurance that this was the case for the relevant Scheme year.

Fidelity and Capita report on any transactions not processed within their SLAs. The Unilever UK pensions team (UUKP) then investigate the cause of the delay and agree any remedial actions.

Contribution checks

The Unilever UK Pensions Finance Team carries out a monthly reconciliation, on a member by member basis, to identify any differences between the contributions reported as being paid to the Investing plan and Retirement Savings plan by the payroll provider and the contributions reported as being received by the Investing plan and Retirement Savings plan provider. This reconciliation is also carried out at Fund year end. Any differences are reported to the UK Pensions Expert Administration Team for investigation and correction if necessary.

The UUKP Finance Team carries out a reconciliation of the contributions paid to the legacy AVC providers on an annual basis.

Processes in place with external parties

Fidelity have their own internal processes and controls in place to ensure financial transactions are processed promptly and accurately. These processes include:

- A reconciliation of the contribution file against the payment amount received;
- A reconciliation of payments received against payments invested;
- A check to ensure all deals have been placed, and to identify any undealt cash;
- A report to identify members for whom contributions have not been received over a particular period (where Fidelity would have expected to receive contributions); and
- Contributions are invested automatically according to members' instructions – to ensure speed of investment.

UUKP have further reviewed the processes in place and considered the various metrics that are tracked on a quarterly basis to assess core financial transactions which in summary assess the speed and accuracy of the investment of contributions, transfers in and out, disinvestment on retirement and investment switches.

The results of all the above reporting and monitoring checks are summarised on a quarterly basis in a report that is given to the Audit and Risk Committee of the Trustees.

The Trustees are satisfied that core financial transactions were processed promptly and accurately during the Fund year.

Charges and transaction costs

This section covers charges and transaction costs applicable to the default investment strategies under the Fund and the self-select funds available in the Investing plan and the Retirement Savings plan. Charges and transaction costs for the Legacy AVCs and the additional automatic switching facilities available in the Investing plan and the Retirement Savings plan are included in Appendix 2. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

Investing plan and Retirement Savings plan

Each fund available in the Investing plan and Retirement Savings plan carries a 'total charge', which includes an investment management charge, as well as the costs of administering the plans. This is called the 'Total Expense Ratio' (TER) and is expressed as a percentage of the fund value. Members pay these charges from their account, and the charges will vary from fund to fund. Fidelity take account of the charges when they work out the daily quoted price for each fund.

The table below sets out the TERs that applied to the Investing plan and Retirement Savings plan funds in the default arrangements and the self-select funds during the Fund year to 31 March 2023:

Fund	Charge during the Fund year to 31 March 2023
Moderate Growth Fund*	0.403%
Cautious Growth Fund*	0.350%
Cash Fund*	0.150%
Bond Fund	0.205%
Global Equity Fund	0.341%
Emerging Markets Fund	0.350%
Real Return Fund	0.200%

*The three funds together are used in the default automatic switching facilities for both the Investing plan and the Retirement Savings plan. However, they are also offered separately as self-select funds or part of other self-select automatic switching facilities.

The Department for Work and Pensions has, from April 2015, stated that the total charges for default funds within DC schemes used for automatic enrolment should be capped at 0.75%. The Trustees are pleased to confirm that the charges for all Investing plan and Retirement Savings plan funds are comfortably below this charge cap.

In this statement we are also required to show details of the transaction costs that have applied during the year. Transaction costs are incurred by members and are reflected in the unit-price of the underlying fund. They occur due to:

- Investment managers buying and selling securities (tradable financial assets) underlying the funds, as part of the day to day management of those funds; and
- Members requesting switches between funds, or those switches taking place during automatic switching.

The transaction costs shown below are provided by Fidelity and have been calculated on a methodology known as 'slippage cost'. This compares the price of the stocks being traded when a transaction was executed, with the price at which the transaction was requested. Market movements during any delay in transacting may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage cost method can be negative as well as positive.

Fund	Transaction Costs to 31 March 2023
Moderate Growth Fund	-0.06%
Cautious Growth Fund	0.01%
Cash Fund	0.00%
Bond Fund	0.01%
Global Equity Fund	-0.23%
Emerging Markets Fund	-0.04%
Real Return Fund	0.15%

Default automatic switching facilities – variation of charges and transaction costs

The default automatic switching facilities for the Investing plan and the Retirement Savings plan have been set up as lifestyle approaches, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. In both default arrangements members are invested with a 100% allocation to the Moderate Growth Fund whilst they are at least 10 years from the target retirement date. As the member approaches retirement, assets are gradually moved to the Cautious Growth Fund, and then the Cash Fund as demonstrated in the flightpath graphs in the section "The default investment strategies" above.

This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date, due to the weighting of the funds they are invested in. The annualised charges and transaction costs applicable as at 31 March 2023 (but noting that the charges and costs applicable throughout the Scheme year for each fund are set out above) and the weighting of the funds are set out below at various points in the default arrangements. Details of cost and charges for the additional automatic switching facilities available in the Investing plan and the Retirement Savings plan are included in Appendix 2.

Investing plan

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Cautious Growth Fund	0.387%	-0.04%
4 years	40% Moderate Growth Fund 60% Cautious Growth Fund	0.371%	-0.02%
2 years	50% Cautious Growth Fund 50% Cash Fund	0.250%	0.01%
At retirement	100% Cash Fund	0.150%	0.00%

Retirement Savings plan

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Cautious Growth Fund	0.387%	-0.04%
4 years	40% Moderate Growth Fund 60% Cautious Growth Fund	0.371%	-0.02%
2 years	20% Moderate Growth Fund 71.67% Cautious Growth Fund 8.33% Cash Fund	0.344%	0.00%
At retirement	75% Cautious Growth Fund 25% Cash Fund	0.300%	0.01%

Net investment returns

This section states the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements and investment options that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance. Figures have been calculated in accordance with DWPs statutory guidance and are annual geometric averages.

For the arrangements where the investment returns vary with age, such as for the default strategies and for the alternative lifestyle strategies, the investment returns are shown over various periods to the end of the Scheme year for a member aged 25, 45 and 55 at the start of the period.

Members should remember that the Retirement Savings plan only launched in October 2021 and as such, the figures below are illustrative and show how the default strategy might have performed if it had been available for the periods shown. The illustrative calculations have been possible as the funds that are used in the default arrangement for the Retirement Savings plan are the same as the funds used in the Investing plan default arrangement and the net returns since launch for those funds are known.

Investment performance for self-select funds and other automatic switching facilities available in the Investing plan and the Retirement Savings plan and the performance of the Legacy AVC funds are shown in Appendix 3.

Investing plan default strategy - Moderate Growth to Cash

Age at start of investment period	Annualised returns to 31 March 2023			
	1 year	3 years (p.a.)	5 years (p.a.)	Since launch* (p.a.)
25	-6.0%	11.3%	5.3%	5.7%
45	-6.0%	11.3%	5.3%	Not readily available
55	-6.0%	10.7%	4.2%	Not readily available

Retirement Savings plan default strategy – Moderate Growth to Targeting Flexibility

Age at start of investment period	Annualised returns to 31 March 2023			
	1 year	3 years (p.a.)	5 years (p.a.)	Since launch* (p.a.)
25	-6.0%	11.3%	5.3%	5.7%
45	-6.0%	11.3%	5.3%	Not readily available
55	-6.0%	10.7%	4.2%	Not readily available

* The launch date for the Moderate Growth Fund and the Cautious Growth Fund was 7 December 2007 and for the Cash Fund was 14 January 2008.

Impact of costs and charges - illustrations

The Trustees must prepare an illustration showing the impact of the costs and charges typically paid by a member of the plan on their retirement savings outcomes. The illustrations below meet the statutory guidance provided by the Department for Work and Pensions.

As well as taking into account the fund charges deducted in relation to investment management and administration services (the Annual Management Charge, or 'AMC'), the illustrations also allow for investment transaction costs.

All of the projected fund values shown are purely illustrative and are based on assumptions set out below regarding future rates of return and inflation that may not be borne out in practice. The illustrative fund values are expressed in today's terms and do not need to be reduced further for the effect of future inflation. For example, a projected fund value after 30 years of £100,000 has the equivalent purchasing power to that of £100,000 today, assuming inflation at 2.5% p.a.

Illustrations have been prepared for the following investments in line with the guidance provided by the Department for Work and Pensions:

- Default investment strategy;
- Fund with the highest charges (Moderate Growth Fund); and
- Fund with the lowest charges (Cash Fund)

The following example illustrations show the impact of charges for members who continue to contribute until they retire (examples A, B, C, D, and E) and for members who have ceased contributions, whether as an active member or due to being a deferred member (examples F and G).

In preparing the illustrations, the following assumptions have been made:

- Future inflation assumed to be 2.5% p.a.

- Contributions assumed to increase at 1% for Investing plan members (where paid). This rate is an approximate rate derived on the basis that only the members' Additional Voluntary Contribution amounts increase at 2.5% p.a. and the Company contribution will stay level.
- Contributions assumed to increase at 2.5% p.a. for Retirement Savings plan members (where paid).
- The youngest member is aged 20 in the Investing plan and 18 in the Retirement Savings plan.
- The estimated growth rates that have been used are consistent with the approach used in the production of annual benefit statements.
- The default investment strategy projected growth rates vary with age, given that the strategies' asset allocations change over the 10 years prior to age 65. The following are examples of the average growth rates and costs and charges used over the period to age 65:

Age	Investing plan			Retirement Savings plan		
	Average growth rate (before charges) (p.a.)	Average TER (p.a.)	Average transaction cost (p.a.)	Average growth rate (before charges) (p.a.)	Average TER (p.a.)	Average transaction cost (p.a.)
18	N/A	N/A	N/A	4.98%	0.40%	0.023%
20	4.90%	0.39%	0.022%	N/A	N/A	N/A
25	4.88%	0.38%	0.022%	4.98%	0.39%	0.023%
35	4.85%	0.38%	0.021%	4.97%	0.39%	0.023%
45	4.77%	0.36%	0.021%	4.96%	0.38%	0.024%
55	4.54%	0.33%	0.020%	4.92%	0.37%	0.025%

- The projected growth rate and cost and charge assumptions for the funds in the default strategies for both the Investing plan and the Retirement Savings plan are as follows:

Fund	Growth rate (before charges) (p.a.)	TER (p.a.)	Transaction cost (p.a.)
Cash Fund	1.9%	0.150%	0.00%
Moderate Growth Fund	5.0%	0.403%	0.02%
Cautious Growth Fund	5.0%	0.350%	0.03%

While illustrations for a variety of accumulated fund values and contribution amounts are shown, in practice, the membership profiles of the Investing plan and Retirement Saving plan are such that the individual accumulated fund values and annual contribution inputs vary significantly between members, even for members at the same age. No one accumulated fund value or contribution amount is representative of the membership as a whole or representative of a particular age group.

However, the annual percentage rates of investment return, Total Expense Ratios and transaction costs do not depend on the amount of money held in an individual member's Retirement Account. Similarly, they do not depend on the annual amount of contributions that the member is paying. These percentage rates for any fund are the same for all members who invest in that fund, regardless of the amount of their savings.

Finally, it should be noted that in line with legal requirements, these illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on accumulated fund values at retirement age. They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements. In selecting funds, members should have regard not only to charges and potential transaction costs but also to factors such as expected future returns and their capacity for and tolerance of risk.

UNILEVER UK PENSION FUND
DEFINED CONTRIBUTION ANNUAL STATEMENT (continued)

Investing plan

Default investment strategy

Example	Period of investment to age 65 (years)	Assumed starting fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 20)	45	2,300	2,200	143,842	127,874	11.10%
B (Age 25)	40	2,800	4,100	223,633	202,026	9.66%
C (Age 35)	30	14,900	5,400	224,951	208,273	7.41%
D (Age 45)	20	36,200	6,200	194,469	184,315	5.22%
E (Age 55)	10	53,400	7,500	143,201	139,377	2.67%
F (Age 45)	20	20,000	0	30,970	28,707	7.31%
G (Age 55)	10	33,400	0	40,644	39,236	3.46%

Moderate Growth Fund (highest charges)

Example	Period of investment to age 65 (years)	Assumed starting fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 20)	45	2,300	2,200	144,460	128,310	11.18%
B (Age 25)	40	2,800	4,100	224,484	202,633	9.73%
C (Age 35)	30	14,900	5,400	226,841	209,715	7.55%
D (Age 45)	20	36,200	6,200	197,524	186,769	5.44%
E (Age 55)	10	53,400	7,500	146,640	142,260	2.99%
F (Age 45)	20	20,000	0	32,385	29,859	7.80%
G (Age 55)	10	33,400	0	42,501	40,810	3.98%

Cash Fund (lowest charges)

Example	Period of investment to age 65 (years)	Assumed starting fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 20)	45	2,300	2,200	64,129	61,861	3.54%
B (Age 25)	40	2,800	4,100	110,835	107,387	3.11%
C (Age 35)	30	14,900	5,400	131,167	127,929	2.47%
D (Age 45)	20	36,200	6,200	132,722	130,278	1.84%
E (Age 55)	10	53,400	7,500	117,696	116,459	1.05%
F (Age 45)	20	20,000	0	17,784	17,268	2.90%
G (Age 55)	10	33,400	0	31,496	31,035	1.46%

Retirement Savings plan

Default investment strategy

Example	Period of investment to age 65 (years)	Assumed starting fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 18)	47	1,100	3,000	262,008	234,164	10.63%
B (Age 25)	40	3,600	5,600	381,562	347,208	9.00%
C (Age 35)	30	4,900	8,200	366,341	342,030	6.64%
D (Age 45)	20	9,000	9,700	260,568	249,073	4.41%
E (Age 55)	10	4,400	6,500	78,106	76,438	2.14%
F (Age 45)	20	400	0	643	594	7.62%
G (Age 55)	10	8,800	0	11,115	10,700	3.74%

Moderate Growth Fund (highest charges)

Example	Period of investment to age 65 (years)	Assumed starting fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 18)	47	1,100	3,000	262,088	234,175	10.65%
B (Age 25)	40	3,600	5,600	381,718	347,243	9.03%
C (Age 35)	30	4,900	8,200	366,515	342,068	6.67%
D (Age 45)	20	9,000	9,700	260,768	249,133	4.46%
E (Age 55)	10	4,400	6,500	78,196	76,462	2.22%
F (Age 45)	20	400	0	648	597	7.87%
G (Age 55)	10	8,800	0	11,198	10,752	3.98%

Cash Fund (lowest charges)

Example	Period of investment to age 65 (years)	Assumed starting fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 18)	47	1,100	3,000	122,542	118,555	3.25%
B (Age 25)	40	3,600	5,600	200,039	194,399	2.82%
C (Age 35)	30	4,900	8,200	226,895	222,007	2.15%
D (Age 45)	20	9,000	9,700	188,800	185,982	1.49%
E (Age 55)	10	4,400	6,500	66,503	65,990	0.77%
F (Age 45)	20	400	0	356	345	3.09%
G (Age 55)	10	8,800	0	8,298	8,177	1.46%

Value for members assessment

The Trustees are required to assess annually the extent to which member borne charges and transaction costs represent good value for members. The Trustees receive input from an external consultant, Barnett Waddingham, during this assessment. The Trustees note that value does not just mean achieving the lowest price. Any assessment of value must also consider the overall quality of service. Accordingly, the assessment for the 2022-23 Scheme year considered the following:

- the level of charges borne by members against comparable market alternatives available to the Trustees; and
- the quality of the services received in return for these charges, including:
    - investment performance;
    - the likelihood of a fund achieving its objectives in future:
    - administration service quality;

The Barnett Waddingham assessment of value for members advised that the Trustees can rate the Investing plan and Retirement Savings plan overall as excellent value in relation to member borne costs and charges when considering the areas above. In doing so, Barnett Waddingham benchmarked the Scheme's charges not only against other bundled arrangements such as master trusts but also against the charges that might arise were the Trustees to adopt an unbundled approach. Barnett Waddingham also considered the likelihood of the funds achieving their objectives in future years.

Legacy AVCs

A smaller number of members (less than 325) of the UUKPF have DC funds remaining in the legacy AVC arrangements that are invested in different funds to those used by the Investing plan or Retirement Savings plan. These legacy AVC funds provide a proportionately small top up to members' main benefits provided through the Final salary plan and for a few members of the Career average plan. The Trustees have similarly assessed value in relation to member borne deductions for these legacy AVC funds. Overall Barnett Waddingham concluded that given the size and nature of the unit-linked legacy AVC arrangements and the charges payable by members, they provide reasonable value for members, albeit the charges payable in some cases are higher than would be expected in a modern DC arrangement like the Investing plan. It is noted that this assessment is necessarily less comprehensive than the detailed assessment conducted in relation to the Investing plan and Retirement Savings plan. The reasons for that include:

Incomplete data on costs and charges

Although the Trustees have received data on charges from all providers, a number of them do not calculate or disclose explicit cost and charges information for certain funds, notably with-profit and cash deposit funds. Also, some of the caveats that accompany disclosures on costs and charges (for example, in relation to the 'cost of guarantees' in relation to with-profits) make it difficult for the Trustees to assess the reliability of those disclosures.

Lack of detailed comparability with other legacy AVC arrangements

Few alternative providers of AVC arrangements would be able or willing to quote terms to enable detailed price comparisons to be made.

Lack of data on quality of funds

As part of a value assessment, the Trustee would wish to assess the quality of the replacement funds from an investment perspective. However, few of the funds under AVC contracts are rated by investment consultants and commissioning a rating for such funds would likely be disproportionately expensive.

Notwithstanding these restrictions, the Trustees have made the following observations on value in relation to legacy AVCs:

- The cash deposit funds available have no explicit charges and offer a low interest rate, if any, net of implicit charges. A capital guarantee is given which some members value. Given this guarantee, these options appear to offer reasonable value. Also, these members have the option to move these funds to the funds in the Investing plan range if they would like to do so.

- With-profit funds are often not fully transparent in relation to costs and charges. This lack of transparency is evident from the disclosures obtained to date by the Trustees, with some providers stating that they don't calculate explicit charges but rather include them as part of the broader calculations on bonus rates. Also, some providers have mentioned additional charges in respect of the cost of guarantees but have not stated what those costs are. The Trustees will continue to press for additional clarity in relation to the costs and charges borne by these funds. All members of these funds have the option to move their funds to the funds in the Investing plan range if they would like to do so.

- Whilst the majority of unit-linked funds (but not all) have significantly higher total charges than the funds in the Investing plan range, not all of the unit-linked investment funds are directly comparable with the funds in the Investing plan in terms of risk profile and performance expectations. However, the Trustees do regularly write to members with unit-linked funds to provide information on the funds they are in and those offered by the Investing plan, which the Trustees believe offer good value. The option for members to move their unit-linked funds into the funds in the Investing plan range remains open.

As noted above, Barnett Waddingham concluded that the legacy AVC arrangements provide reasonable value for members. The option for members to move their funds into funds offered by the Investing Plan remains open.

Overall Conclusion

The Trustees agreed with Barnett Waddingham's assessment summarised above. With the exception of the legacy AVC funds (discussed above), overall the Trustees are satisfied that the charges and transaction costs borne by members in the Fund offer excellent value for members. All members have access to good value funds that address the varying needs for growth, inflation protection, capital stability and liquidity.

The Trustees also considered other Investing plan and Retirement Savings plan features that members receive value from, but which are paid for by the Company – such as the plan communications, the at-retirement support, and the cost of maintaining a Trustee Board with in-house expertise and external advisers. The Trustees note that these demonstrate the broader elements of good value provided by the Investing plan and Retirement Savings plan.

Knowledge and understanding of the Trustees and external support

The Fund has continued to run a training programme to ensure that the Trustees meet the legally required Trustee Knowledge and Understanding ('TKU') standards to enable them to exercise their duties and functions as trustees of the Fund. Under the TKU requirements, each Trustee Director must:

- Be conversant with the Trust Deed and Rules of the Fund, the Fund's Statement of Investment Principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Fund generally; and

- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as Trustee Director, knowledge and understanding of the law relating to pensions and trusts, the principles relating to the funding and investment of the assets of occupational pension schemes and the identification, assessment and management of risks and opportunities arising to occupational pensions schemes from the effects of climate change, including arising from steps taken because of climate change.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Training is provided throughout a Trustee's term of office and the Trustees annually review whether their approach to training serves their needs. The main features of this training programme and details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are described below.

On appointment

A new Trustee is required to complete an induction programme which aims to provide the legally required knowledge of pensions, and conversance with Fund documents.

This induction programme takes about two days in total and consists of training from UUKP and Univest Company on the following aspects:

- An introduction to the UUKPF, its structure and key benefits;
- Overview of the role of a Trustee and the Fund;
- Pensions and trust law as it relates to the Fund;
- Funding of the Fund;
- Investment of assets and Investment strategy of the Fund;
- Risk management of the Fund;
- Climate change considerations, and
- Employer Covenant.

In addition, Trustees are enrolled onto an externally run introductory one or two-day course. New Trustees must complete both the induction programme and the TPR's online trustee toolkit within the first six months of appointment. The trustee toolkit is an online learning programme in which trustees complete a number of specific modules and assessments in order to be conversant with scheme specific documents and meet the level of knowledge and understanding required by law.

During the year, two new Trustee Directors were appointed, and they completed their induction programmes within the first six months of their appointment.

After one year

After 12 months in office, Trustees complete a self-assessment of their knowledge and understanding of pensions law, investment principles and other areas of knowledge they are legally required to have as well as conversance with scheme documents. Should any gaps in knowledge be identified, Trustees will be asked to refresh their knowledge by using TPR's toolkit and if a Trustee then needs further help, individual training plans will be put in place, following a conversation with a member of the UUKP team. If no gaps are identified, Trustees will be asked to raise with UUKP any knowledge areas they wish to improve/know more about e.g. to help improve their effectiveness on their Committee, or due to a particular Board priority that year that they feel they need help understanding more about. If any topics for individuals are identified, UUKP will assist them in developing that knowledge.

Ongoing training

To understand their role better and the specifics of the Fund, Trustees have access to all Fund documents, Trustee policies and key Fund information. Fund documents include the main documents such as the Trust Deed and Rules of the Fund and the Statement of Investment Principles. Trustees are legally required to have a working knowledge of these documents and to achieve this, the importance of these documents and their purpose are covered during the induction training. In order to identify any gaps in knowledge, the Trustees are asked to self-certify whether they have a working knowledge of these documents and should they have any concerns, UUKP will point the Trustees to the documents to read again or if needed go through the documents with them. As part of the annual training review, the Trustees are reminded to continue familiarising themselves with Fund documents including the Balance of Powers which sets out the key Trustees' powers under the Trust Deed and the Rules.

The Trustee policies cover a range of policies which set out the behaviours and requirements of UUKPF Trustees. These are updated as required and the Trustees regularly carry out reviews of the policies to ensure they remain appropriate.

The Trustees are sent pensions bulletins to assist them in keeping up to date with current matters, including relevant information about changes to pensions law. Any changes to regulations, regulatory practice or the law impacting on the UUKPF or the Trustees will be highlighted at Trustee meetings. When particular matters of strategic importance are being discussed at the Committee or Board, on the job training is provided ahead of any decisions.

The Trustee Board conducts at least one formal training day annually, facilitated by external advisors, UUKP or the Univest Company, as necessary. An annual Investment Training Day is also facilitated by Univest Company for the Trustee Board. Other training sessions are run as and when required.

The Trustees keep logs of training received during the year for each Trustee and the Trustee Board as a whole; and ongoing training during Trustee Board meetings. During the year, training sessions were held on the following subjects:

- Triennial valuation
- Long term funding target and the ultimate end point strategy
- Manager evaluation framework (DC Committee only)
- Cyber security
- DB investment: LDI and hedging
- Understanding the impact of member choices
- Sponsor covenant
- DB asset allocation (Investment and Funding Committee only)
- Investment beliefs
- Pension scams (Appeals and Discretions Committee only)
- Univest Equity Funds and Infrastructure investments (DC Committee only)

The skills, experience and external support for the Board

The Trustee Board is strengthened by its diverse professional skills and experiences, along with support from external experts and advisers. This helps the Trustee Board with the various challenges that its governance must address and in properly carrying out all its duties as Trustee of the Fund.

The Trustee Board is supported by four Committees and the Trustees consider the balance of skills and experience when deciding on the membership of the Committees.

The DC Committee has been supported by an independent DC professional throughout the year and an independent investment professional also attends each Trustee Board meeting and the Investment and Funding Committee. Unilever's in-house pensions team provides the Trustee Board with considerable operational support, with at least one of its senior members attending each Committee and Board meeting. The Univest Company, the in-house investment professionals, provides support to the Trustee Board, the DC Committee and the Investment and Funding Committee.

Taking into account the knowledge and experience of the Trustee Directors with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustees believe they are well placed to exercise their functions as Trustee Directors of the Fund properly and effectively.

To ensure that that the governance of the Trustee Board remains appropriate, and the Fund continues to be properly run the Trustees appointed an external facilitator in 2021 to carry out a review of their effectiveness. The review concluded that the governance was strong and the small enhancements, including adjusting the structure of Board agendas to allow greater time for discussion of strategic matters whilst reducing the length of meetings, have been implemented. The next review is due to commence in late 2024.

Approval of Defined Contribution Annual Statement

The Defined Contribution Annual Statement was approved by the Chair at the meeting of the Board on the 18 October 2023.

Virginia Holmes
Chair, Unilever UK Pension Fund Trustees Limited.
30 October 2023

Appendix 1 Statement of Investment Principles

DC Default Strategy Statement

1. Introduction

This statement is prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. It describes the Trustees' investment principles and arrangements in respect of the default investment options under the Defined Contribution (DC) Section of the Unilever UK Pension Fund.

2. Aims and objectives underlying the Default Investment Arrangements

The Trustees recognise that members of the DC section have differing investment needs and objectives, and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should be encouraged to make their own investment decisions based on their individual circumstances. We therefore make available a range of investment options and automatic switching strategies, within the framework set out in the Fund rules, to enable members to tailor their investment strategy to their own needs.

The Trustees also recognise that members may not believe themselves qualified to make choices about investment options. The Fund rules provide for default investment options and specifies the investment objective that comprises its key components. There are two default investment options, depending on whether the member is a DB Retirement Account Member ("hybrid") (generally with both DB and DC benefits), or a DC Retirement Account member ("DC only"). The Trustees usually refer to hybrid members as Investing plan members and the DC only members as Retirement Savings plan members. Consistent with the Fund objective the default investment options chosen by the Trustees aim to deliver real returns over members' working lifetimes, whilst mitigating risk through diversification through holding different equity and bond classes, property and cash. It also encompasses a switch into less risky asset classes in the years prior to age 65. The ultimate objective is that funds at retirement are invested in assets broadly appropriate for an individual withdrawing the funds as cash for hybrid members, and that funds are invested in assets broadly appropriate for an individual planning to draw down their retirement income over time for DC only members. There are three component funds in the default strategies: Moderate Growth Fund, Cautious Growth Fund and Cash Fund, and their objectives are below:

Fund	Investment Objectives	Policy in relation to investments
Moderate Growth Fund	Achieve a return over the long term (5 years or more) that exceeds the return on the cautious growth fund (albeit with a higher prospect that a negative absolute return could be experienced over the same period than the cautious growth fund)	A pooled fund made available to the Trustee by Fidelity for the purposes of the UUKPF, where unit prices are calculated by reference to a mix of some or all of equities, property, government bonds, corporate bonds, other diversified assets, cash/money market funds, and any other assets with similar investment characteristics as decided from time to time by the Trustee having taken the advice of its investment adviser, with an asset allocation selected to be consistent with the investment objective in the second column.
Cautious Growth Fund	Achieve a return over the long term (5 years or more) that exceeds the return on the cash fund (albeit with a higher prospect that a negative absolute return could be experienced over the same period than the cash fund)	A pooled fund made available to the Trustee by Fidelity for the purposes of the UUKPF, where unit prices are calculated by reference to a mix of some or all of equities, property, government bonds, corporate bonds, other diversified assets, cash/money market funds and any other assets with similar investment characteristics as decided from time to time by the Trustee having taken the advice of its investment adviser, with an asset allocation selected to be consistent with the investment objective.
Cash Fund	Preserve capital whilst aiming to provide a return on investments similar to that which	A pooled fund made available to the Trustee by Fidelity for the purposes of the UUKPF, where

Fund	Investment Objectives	Policy in relation to investments
	might be achieved on cash deposits in a bank or building society	unit prices are calculated by reference to a mix of some or all of cash deposits, money market funds and any other assets with similar investment characteristics as decided from time to time by the Trustee having taken the advice of its investment adviser, with an asset allocation selected to be consistent with the investment objective

In light of the above, the Trustees have adopted the following objectives in relation to the default arrangements:

- To generate a good level of real return over members' working lifetimes, whilst mitigating risk through diversification.

  The growth phase structure for both default arrangements invests in the Moderate Growth Fund. This Fund holds a diversified range of assets that is expected to provide long term returns similar to those of equities, but with less volatility.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's account grows, investment risk will have a greater impact on retirement outcomes. Therefore, the Trustee believes that a default arrangement that seeks to reduce investment risk as the member approaches retirement is appropriate. This is achieved via automatic switching over a 10 year switching period before retirement. Initially funds are switched from the Moderate Growth Fund to the Cautious Growth Fund. This gives members' accounts the opportunity to still grow at a reasonable rate and stay 'diversified' – that is, spread across a range of investments. For hybrid members, during the last 4 years before retirement age, funds are switched into the Cash Fund. For DC only members, during the last 3 years before retirement age, 25% of funds are switched into the Cash.

- To invest members' accounts at retirement in assets that are broadly appropriate considering the likely form in which they will draw benefits. This assumes that hybrid members will likely withdraw funds at retirement as cash, whereas DC only members will likely draw down their retirement income over time.

  At age 65, for hybrid members, 100% of the member's assets will be invested in the Cash Fund reflecting the fact that most members will have acquired significant DB (Defined Benefit) rights (relative to their DC benefits) and will therefore wish to use their account to provide cash rather than additional income. At age 65, for DC only members, 75% of the member's assets will be invested in the cautious growth fund, with 25% invested in the Cash Fund. This reflects the fact that most of these members will likely want to transfer out of the UUKPF and keep their account invested while drawing an income from it over time, 25% of which would be as tax free cash.

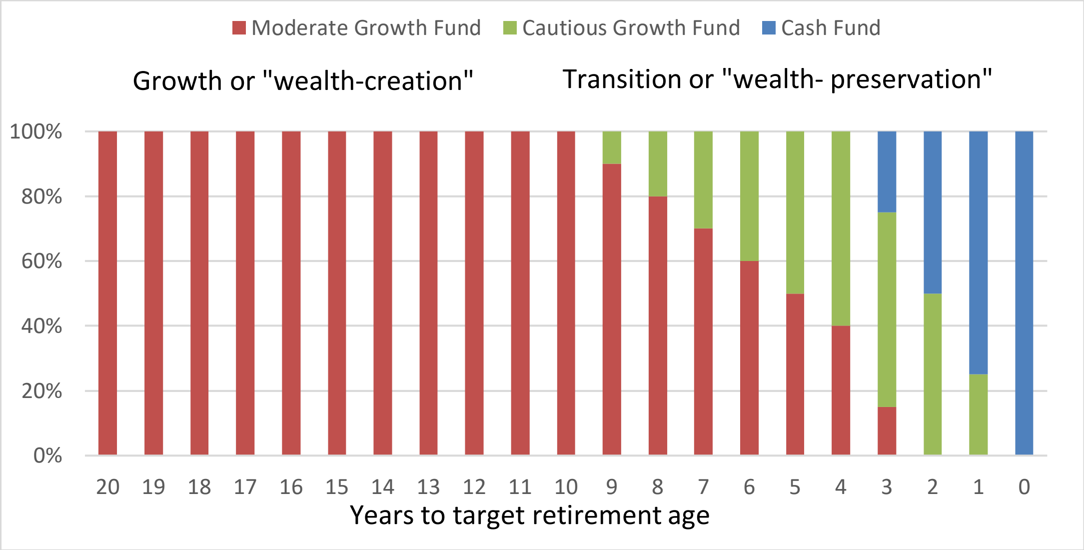
- To achieve a market return, subject to fees, broadly equivalent to the composite benchmark (for each Default Fund) which is comprised of the indices of each of the underlying sub funds as outlined in section 8.

The Trustees monitor market performance on a quarterly basis.

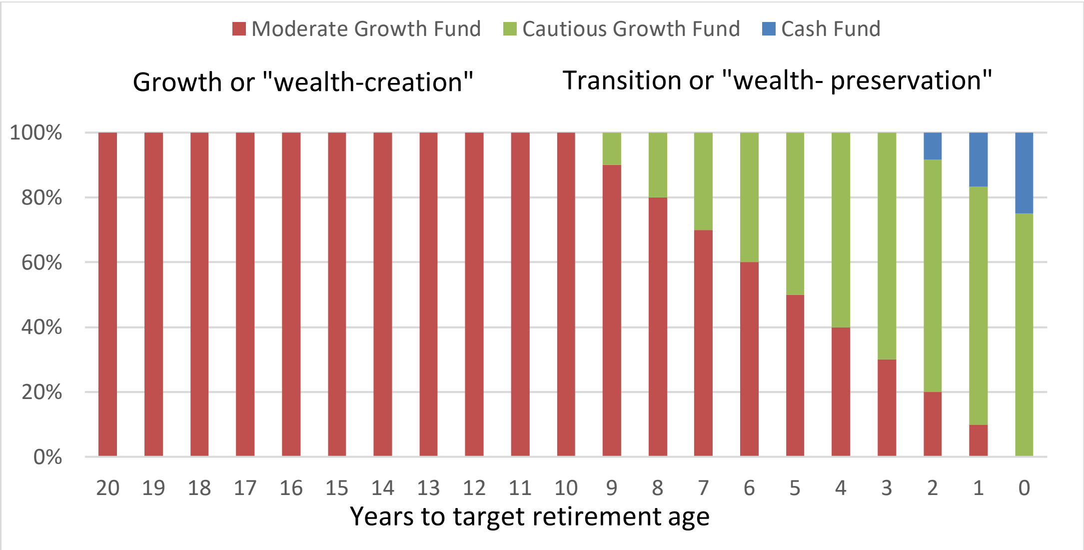
3. Investments

Members within the default arrangements are invested in a 100% allocation to the Moderate Growth Fund whilst they are at least 10 years from the target retirement age. As the member approaches retirement, assets are gradually moved to the Cautious Growth Fund, and then the Cash Fund as shown in the switching matrices below.

Hybrid



DC Only



4. Measurement and management of risk

Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In designing the default arrangements, the Trustees have explicitly considered the trade-off between risk and expected returns. The specific risks of which the Trustees take account include, but are not limited to:

Risk of underperformance: a fund offered by the Trustees may not meet the relevant investment objective with regard to performance. This risk is considered by the Trustees and their investment adviser within the ongoing review of the performance of the funds.

Risk of fraud, poor advice or acts of negligence: the Trustees seek to minimise this risk by ensuring that their advisers and third-party service providers are suitably qualified and experienced, that suitable liability and compensation clauses are included in all contracts for professional services and that suitable due diligence is done on a regular basis.

Risk of the default investment option being unsuitable for the requirements of some members: this risk is addressed by giving members a range of options, one of which is the default investment option. Members are provided with a diversified, but limited, range of options which they can choose bearing in mind their attitudes to risk, expectations of returns and intentions with regard to retirement. The Trustees assist members to make suitable choices that may better fit their personal circumstances through communications, including the web portal. Also members in any of the automatic switching arrangements, including the default investment arrangements, are contacted before switching starts.

5. Responsible Investment and Corporate Governance

The Trustees are signatories to the Principles for Responsible Investment (PRI) through the Unilever Pension Funds umbrella agreement. The Trustees believe that investing sustainably allows it to better assess the value and likely future performance of an investment over the medium to long-term. Sustainable investing is about generating a long-term risk adjusted return aligned with the Fund's objectives, whilst at the same time promoting a stable, well-functioning and well governed social, environmental and economic system on which long-term sustainable returns are dependent. The Trustees currently do not take into account any factors we consider to be non-financial. However, this is reviewed on a periodic basis.

Of the environmental factors the Trustees take into account, we believe that climate change presents the greatest risk to the long-term value and security of the Fund's assets. The Trustees believe that these environmental factors will have significant and wide-ranging implications for the global economy for the foreseeable future and the potential to impact the dynamics of global growth.

Implementation:

It is the Trustees' policy that all matters are taken into account in the selection, retention and realisation of investments to the extent that they are materially relevant in assessing the future prospects of specific investments, including Sustainability considerations.

The assets are invested in pooled funds but the Trustees require all equity managers to have a Sustainability policy in place and to be signatories to the UN PRI as a minimum. The Trustees have given the appointed investment managers full discretion in evaluating Sustainability factors, including climate change considerations. Fixed income managers must also take Sustainability risk factors into account when appropriate.

The Trustees have developed Sustainable Equity funds, which are aligned with the Trustee's Sustainability policy. Due to the importance of Sustainability, these have been included within the default investment option and provides all of the Fund's Global Developed Equity holdings.

The Trustees have a Sustainability policy which sets out further details, including further information on the implementation of the policy.

6. Other policies in relation to the default investment arrangements

The Trustees believe that both actively and passively managed funds have a role to play. Active managed funds are utilised to the extent that we either have a high level of confidence in the respective investment managers achieving their performance objectives, or we believe risk is better controlled, net of active investment management fees, within that asset class. For this reason the holdings in the Moderate and Cautious Growth Funds are managed using active and passive management.

Assets in the default arrangements are invested in daily traded pooled funds which hold highly liquid assets. This provides members with greater diversification and transparency of value than if the Trustees invested directly in securities. It also simplifies the administration. The selection, retention and realisation of assets within the pooled funds are delegated to the investment managers in line with the mandates of the funds.

All of the pooled funds used are dealt daily. The strategic asset allocation of each of the three funds that comprise the default investment arrangements is shown below in section 8.

7. Suitability of the default investment arrangements

The Trustees believe that the above aims, objectives and policies ensure that the default investment arrangements are designed in members' interests. Their reasons are as follows:

- Most hybrid members who retire withdraw their account as tax free cash, reflecting the fact that their DC benefits are supplementary to members' DB pension rights and their requirement for a secure income in retirement will be addressed by that component of their Fund benefits.
- However, for DC only members, the DC benefits will likely provide the majority of their retirement income. They are therefore expected to draw down a retirement income over time.
- Modelling of future outcomes suggests that hybrid members will be able to withdraw a significant proportion of their account as tax free cash over the long-term. Market studies of member behaviour show that DC Only members commonly draw 25% of their benefits as tax free cash at retirement.
- Despite this, members will likely wish to achieve real investment returns for most of their period as pension savers. The use of the Moderate Growth Fund and Cautious Growth Funds address that requirement.

Note that members who intend withdrawing their retirement benefits in other ways, have the option of adopting an alternative lifestyle strategy prior to retirement or choosing their own investment strategy.

The Trustees are aware that the pension freedoms effective from April 2015 might result in significant changes to how members choose to withdraw benefits at retirement. We therefore monitor members' decisions and other data items at least annually as part of an ongoing programme for ensuring that the default investment arrangements remain suited to member needs. We also review the investment choices available to members to ensure that those who regard the default arrangements as unsuited to their needs have suitable alternative investment funds to select from.

8. Default Strategy Funds: Manager Structure and Allocations

Moderate Growth		
Public Equities	**64.0%**	
Global Equity (developed market multi-factor ESG)		*46.4%*
Global Equity (developed market Active ESG)		*11.6%*
Emerging Market Equity (Passive Aquila Connect)		*6.0%*
Real Assets	**10.0%**	
Listed Property (Passive Global Property Securities)		*10.0%*
Fixed Income	**26.0%**	
Multi-Asset Credit (evenly split across two mandates)		*26.0%*
Total	**100%**	
Cautious Growth		
Public Equities	**30.0%**	
Global Equity (developed market multi-factor ESG)		*21.6%*
Global Equity (developed market Active ESG)		*5.4%*
Emerging Market Equity (Passive Aquila Connect)		*3.0%*
Real Assets	**7.5%**	
Listed Property (Passive Global Property Securities)		*7.5%*
Fixed Income	**50.0%**	
Multi-Asset Credit (evenly split across two mandates)		*25.0%*
Fixed Interest Gilts (Passive Over 15 Year Gilt Aquila Connect)		*12.5%*
Index Linked Gilts (Passive Over 5 Year Index Linked Gilt Aquila)		*12.5%*
Cash	**12.5%**	
Cash (Active Cash fund)		*12.5%*
Total	**100%**	
Cash		
Cash (Active Cash fund)	**100%**	

Appendix 2 Charges and transaction costs

Charges and transaction costs not covered elsewhere

Investing plan and Retirement Savings plan automatic switching facilities - *variation of charges and transaction costs*

Moderate growth to annuity (Investing plan only)

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Bond Fund	0.344%	-0.04%
4 years	40% Moderate Growth Fund 60% Bond Fund	0.284%	-0.02%
2 years	20% Moderate Growth Fund 80% Bond Fund	0.245%	0.00%
At retirement	100% Bond Fund	0.205%	0.01%

Cautious growth to annuity (Investing plan only)

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	70% Cautious Growth Fund 30% Bond Fund	0.307%	0.01%
4 years	40% Cautious Growth Fund 60% Bond Fund	0.263%	0.01%
2 years	20% Cautious Growth Fund 80% Bond Fund	0.234%	0.01%
At retirement	100% Bond Fund	0.205%	0.01%

Cautious growth to cash (Investing plan and Retirement Savings plan)

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	100% Cautious Growth Fund	0.350%	0.01%
4 years	100% Cautious Growth Fund	0.350%	0.01%
2 years	50% Cautious Growth Fund 50% Cash Fund	0.250%	0.01%
At retirement	100% Cash Fund	0.150%	0.00%

Cautious growth to flexibility (Investing plan and Retirement Savings plan)

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	100% Cautious Growth Fund	0.350%	0.01%
4 years	100% Cautious Growth Fund	0.350%	0.01%
2 years	92% Cautious Growth Fund 8% Cash Fund	0.334%	0.01%
At retirement	75% Cautious Growth Fund 25% Cash Fund	0.300%	0.01%

Moderate growth to annuity (Retirement Savings plan only)

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Bond Fund	0.344%	-0.04%
4 years	40% Moderate Growth Fund 60% Bond Fund	0.284%	-0.02%
2 years	20% Moderate Growth Fund 72% Bond Fund 8% Cash Fund	0.240%	0.00%
At retirement	75% Bond Fund 25% Cash Fund	0.191%	0.01%

Cautious growth to annuity (Retirement Savings plan only)

Years to target retirement date	Weighting of funds	TER	Transaction Costs
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	70% Cautious Growth Fund 30% Bond Fund	0.307%	0.01%
4 years	40% Cautious Growth Fund 60% Bond Fund	0.263%	0.01%
2 years	20% Cautious Growth Fund 72% Bond Fund 8% Cash Fund	0.230%	0.01%
At retirement	75% Bond Fund 25% Cash Fund	0.191%	0.01%

Legacy AVCs charges and transaction costs

The data on charges and costs as at 31 March 2023 from the legacy AVC providers are shown below.

Investment managers sometimes differ in their methodologies of calculating and presenting information on charges. Additionally, not all managers use consistent terminology when describing costs and charges.

In general, the Annual Management Charge or ‘AMC’ refers to investment management and administration costs that are taken by the provider as they invest and administer the AVC policy. Some investment funds will have higher AMCs than others owing to their specialist nature or the complexity in managing them. For example, with-profit funds usually provide guarantees that require complex actuarial calculations and this necessarily entails costs that are not incurred by other types of fund.

The Total Expenses Ratio or ‘TER’ generally includes the AMC but also includes additional expenses incurred by the investment manager such as legal fees, audit fees and marketing fees. While some managers have shown the AMC and TER separately, others have shown only the TER for some funds. In such cases, the Trustees have asked for further disclosure in the interests of transparency but note that the TER is the most important headline figure as it represents the total charges incurred by members other than those arising from buying and selling investments.

The term ‘Aggregated Transaction Costs or ‘ATC’ refers to all of the costs associated with trading (buying and selling) investments within an investment fund. Charges and transaction costs on some funds, particularly with-profit funds and cash deposit funds, are not always calculated explicitly by providers but are instead incorporated into other calculations such as the bonus rate or interest rate declared. In some cases, the figures disclosed by providers are therefore estimates or illustrative in nature.

Additionally, some with-profits providers emphasise that deductions set aside to cover the cost of guarantees depend on factors such as the underlying investment performance and can therefore vary from year to year. The costs and charges can change over time, in particular ATC are prone to vary in individual years depending on the amount of trading activity undertaken on a particular fund and market conditions during trading (see previous explanation of the 'slippage' methodology for calculating these transaction costs).

Prudential

Fund	**Annual Management Charge**	**Total Expense Ratio**	**Aggregated Transaction Costs (p.a.)** [2]
Discretionary Fund	0.75%	0.80	0.09%
With-Profits Cash Accumulation Fund [1]	n/a	1.00%	0.20%

NOTES:
1. The fund charge is allowed for in the bonus rates. The bonus rates also allow for charges taken to cover the cost of any guarantees. No disclosure on the cost of guarantees has been provided. A 1.00% TER was shown on the 2023 benefit statements as an indication of the total charge that applies.
2. The transaction costs cover the year to 31 March 2023.

Standard Life

Fund	**Annual Management Charge (p.a.)**	**Total Expense Ratio (p.a.)** [1]	**Aggregated Transaction Costs (p.a.)**
Standard Life Annuity Targeting Pension Fund	0.50%	0.51%	0.08%
Standard Life Ethical Pension Fund	0.50%	0.51%	0.09%
Standard Life FTSE Tracker Pension Fund	0.50%	0.51%	0.03%
Standard Life Index Linked Bond Pension Fund	0.50%	0.51%	0.07%
Standard Life Managed Pension Fund	0.50%	0.52%	0.20%
Standard Life Mixed Bond Pension Fund	0.50%	0.51%	0.06%
Standard Life Overseas Equity Pension Fund	0.50%	0.51%	0.16%
Standard Life Property Pension Fund	0.50%	0.53%	0.18%
Standard Life UK Equity Pension Fund	0.50%	0.51%	0.16%
Standard Life UK Mixed Bond Pension Fund	0.50%	0.51%	0.09%
Pension Millennium With Profits Fund [2]	n/a	0.65%	0.03%
Pension With Profit Fund [2]	n/a	1.25%	0.05%
Pension 2 With Profits 2 Fund [2]	n/a	0.65%	0.03%

NOTES:
1. Annual Management Charges and Total Expense Ratios have been sourced from Standard Life fund factsheets as at 31 March 2023 and as per last year a 0.5% scheme discount has been applied to the AMC and TER.
2. These funds do not have explicit charges as these are wrapped up in the declared bonuses. These charges include an allowance for the cost of guarantees and are the deductions that Standard Life currently use for illustrative purposes.

Utmost Life and Pensions

Fund	Annual Management Charge (p.a.) [1]	Aggregated Transaction Costs (p.a.)
North American	0.75%	0.06%
Asia Pacific	0.75%	0.36%
European	0.75%	0.07%
UK Government Bond	0.50%	0.26%
Global Equity	0.75%	0.10%
Investment Trusts	0.75%	0.42%
Managed Fund	0.75%	0.10%
Money	0.50%	0.01%
UK Equity	0.75%	0.28%
Property [2]	1.00%	0.16%
UK FTSE All Share	0.50%	0.08%

NOTES:
1. Utmost has advised that with the exception of the Property fund (see note 2) the total charges impact is calculated by adding the annual management charge and aggregated transaction costs.
2. In addition to the charges shown, property management expenses of 0.37% p.a. were incurred for the year ended 31 March 2023.

Fund	Annual Management Charge (p.a.) [1]	Total Expense Ratio [1]	Aggregated Transaction Costs (p.a.)
Clerical Medical With profits	0.50%	0..50%	0.33%

NOTES:
1. Charges are not explicit and are included in the declared bonus rates. The charges shown are indicative rates provided by Utmost.

Zurich

Fund	Annual Management Charge (p.a.)	Total Expense Ratio (p.a.)	Aggregated Transaction Costs (p.a.)
Aquila UK Equity Index ZP Fund	0.54%	0.60%	0.00%
American 2 EP Fund	0.90%	0.95%	0.40%
Asia 2 EP Fund	0.86%	0.96%	0.73%
BNY Mellon Managed Global Fund	0.45%	0.95%	0.11%
Equity Managed 2 EP Fund	0.71%	0.86%	0.59%
European 2 EP Fund	0.88%	0.94%	2.08%
Global Select 1 EP Fund	1.00%	1.08%	0.25%
Global Select 2 EP Fund	0.77%	0.85%	0.29%
Japan 2 EP Fund	0.88%	0.94%	0.45%
Long Dated Gilt 2 EP Fund	0.37%	0.52%	0.11%
Managed 2 EP Fund	0.63%	0.82%	0.37%
Property 2 EP Fund	0.30%	0.80%	0.22%
Secure 1 EP Fund	1.00%	1.07%	0.00%
Secure Cash 2 EP Fund	0.27%	0.34%	0.00%
UK Equity 2 EP Fund	0.65%	0.84%	0.17%
UK Preference and Fixed Interest 2 EP Fund	0.34%	0.48%	0.13%
UK Opportunities 2 EP Fund	0.75%	0.92%	0.08%
With-Profits PN 5 EP Fund	0.90%	0.90%	0.06%

Other

As noted above, for some legacy AVC funds the investment managers have advised that there are no explicit costs. Rather, costs are included in the calculation of returns and are not calculated separately. The funds in this category are as follows:

Manager	Fund	Manager disclosure
Prudential	Deposit Fund	There are no explicit charges applied to the Deposit Fund. Interest, once added, is guaranteed and withdrawals from this fund are not subject to any deductions. This fund is invested in the Prudential With-Profits Fund and has aggregated transaction costs of 0.0% for the fund year ending 31 March 2023.
Santander	Cash deposit fund	Members in the Cash Deposit Fund are invested in cash and receive interest on a daily basis equivalent to 3.25% per annum as at 31 March 2023. This is not like a typical unitised fund - there are no explicit annual management charges and no other maintenance charges on this account. As such, Santander does not provide any cost and charges information for this fund.

Appendix 3 Net investment returns

Net investment returns not covered elsewhere

Investing plan and Retirement Savings plan automatic switching facilities (non-default)

In addition to the two default options above, members of the Investing plan and the Retirement Savings plan have access to a further range of alternative lifestyle strategies.

Lifestyle strategy	Age at start of investment period	Annualised returns to 31 March 2023			
		1 year	3 years (p.a.)	5 years (p.a.)	Since launch * (p.a.)
Moderate Growth to Annuity (IP version)	25	-6.0%	11.3%	5.3%	5.7%
	45	-6.0%	11.3%	5.3%	Not readily available
	55	-6.0%	9.7%	2.7%	Not readily available
Moderate Growth to Annuity (RSP version)	25	-6.0%	11.3%	5.3%	5.7%
	45	-6.0%	11.3%	5.3%	Not readily available
	55	-6.0%	9.7%	2.7%	Not readily available
Cautious Growth to Cash	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	2.5%	1.9%	Not readily available
Cautious Growth to Annuity (IP version)	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	1.6%	0.4%	Not readily available
Cautious Growth to Annuity (RSP version)	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	1.6%	0.4%	Not readily available
Cautious Growth to Targeting Flexibility	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	2.5%	1.9%	Not readily available

* The launch dates for the funds used in the lifestyle strategies are 7 December 2007 for the Moderate Growth Fund, the Cautious Growth Fund and the Bond Fund and 14 January 2008 for the Cash Fund.

Investing plan and Retirement Savings plan self-select funds

Fund	Annualised returns to 31 March 2023			
	1 year	3 years (p.a.)	5 years (p.a.)	Since launch * (p.a.)
Moderate Growth Fund	-6.0%	11.3%	5.3%	5.7%
Cautious Growth Fund	-11.4%	2.5%	1.9%	4.5%
Cash Fund	2.1%	0.6%	0.6%	0.7%
Bond Fund	-20.4%	-6.9%	-2.4%	4.0%
Global Equity Fund	-4.2%	15.2%	7.6%	9.8%
Emerging Markets Fund	-5.9%	7.4%	1.1%	4.3%
Real Return Fund	-14.5%	1.8%	2.2%	4.3%

* The launch dates for the full range of funds offered to members are 7 December 2007 for the Moderate Growth Fund, the Cautious Growth Fund and the Bond Fund, 14 December 2008 for the Cash Fund, 19 April 2012 for the Emerging Markets Fund and the Global Equity Fund and 25 September 2015 for the Real Return Fund.

UNILEVER UK PENSION FUND
APPENDIX TO THE DEFINED CONTRIBUTION ANNUAL STATEMENT (continued)

Legacy AVC funds

Provider/Fund	Annualised returns to 31 March 2023		
	1 year	3 years (p.a.)	5 years (p.a.)
Prudential			
Deposit Fund	2.1%	0.8%	0.8%
Discretionary Fund	-3.7%	9.4%	4.3%
With-Profits Cash Accumulation Fund	4.5%	6.9%	4.9%
Santander			
Cash Deposit Fund	1.36%	0.45%	0.37%
Standard Life			
Standard Life Annuity Targeting Pension Fund	-17.7%	-10.8%	-4.0%
Standard Life Ethical Pension Fund	-6.9%	6.4%	1.4%
Standard Life FTSE Tracker Pension Fund	1.9%	12.7%	4.0%
Standard Life Index Linked Bond Pension Fund	-30.6%	-11.1%	-5.1%
Standard Life Managed Pension Fund	-3.5%	7.1%	3.7%
Standard Life Mixed Bond Pension Fund	-13.3%	-6.6%	-2.4%
Standard Life Overseas Equity Pension Fund	-3.5%	12.6%	7.7%
Standard Life Property Pension Fund	-17.5%	1.0%	0.0%
Standard Life UK Equity Pension Fund	0.7%	12.6%	2.6%
Standard Life UK Mixed Bond Pension Fund	-13.7%	-6.8%	-2.5%
Pension With Profit Fund	Annual guaranteed growth rate: 4.0% p.a. for last 5 years		
Pension Millennium With-Profits Fund Pension 2 With Profits 2 Fund	Annual growth rate: 01/02/18 to 31/01/22: 0.75% p.a. 01/02/22 to 31/01/23: 1.25% p.a. 01/02/23 to 31/03/23: 1.75% p.a.		
Utmost Life and Pensions			
North American Fund	-5.9%	16.5%	12.5%
Asia Pacific Fund	-4.0%	9.8%	3.5%
European Fund	6.3%	14.8%	6.7%
UK Government Bond Fund	-16.5%	-9.6%	-3.3%
Global Equity Fund	-2.0%	15.7%	9.7%
Investment Trusts Fund	-6.7%	12.2%	4.9%
Managed Fund	-1.9%	9.3%	4.0%
Money Market Fund	1.8%	0.4%	0.3%
UK Equity Fund	1.5%	13.6%	3.9%
Property Fund	-11.7%	-1.1%	-3.3%
UK FTSE All Share Fund	1.9%	13.6%	4.5%
Clerical Medical With-Profits Fund	4.0%	4.0%	4.0%
Zurich			
Aquila UK Equity Index ZP Fund	1.56%	13.76%	4.79%
American 2 EP Fund	-6.07%	17.00%	14.18%
Asia 2 EP Fund	-10.76%	7.03%	3.83%
BNY Mellon Managed Global Fund	1.07%	12.08%	8.46%
Equity Managed 2 EP Fund	0.60%	12.65%	7.03%
European 2 EP Fund	9.83%	17.66%	10.55%
Global Select 1 EP Fund	-7.33%	9.70%	8.99%
Global Select 2 EP Fund	-6.41%	10.82%	10.08%
Japan 2 EP Fund	1.59%	10.75%	6.98%
Long Dated Gilt 2 EP Fund	-30.49%	-16.96%	-6.48%
Managed 2 EP Fund	-3.63%	9.28%	5.43%
Property 2 EP Fund	-14.09%	3.18%	3.64%
Secure 1 EP Fund	0.00%	0.00%	0.00%
Secure Cash 2 EP Fund	1.85%	0.99%	0.90%
UK Equity 2 EP Fund	5.05%	13.30%	4.51%

UNILEVER UK PENSION FUND
APPENDIX TO THE DEFINED CONTRIBUTION ANNUAL STATEMENT (continued)

<table>
<tr><th rowspan="2">Provider/Fund</th><th colspan="3">Annualised returns to 31 March 2023</th></tr>
<tr><th>1 year</th><th>3 years (p.a.)</th><th>5 years (p.a.)</th></tr>
<tr><td>UK Preference and Fixed Interest 2 EP Fund</td><td>-16.12%</td><td>-8.22%</td><td>-2.69%</td></tr>
<tr><td>UK Opportunities 2 EP Fund</td><td>6.21%</td><td>15.18%</td><td>4.64%</td></tr>
<tr><td>With-Profits PN 5 EP Fund</td><td colspan="3">Annual Growth Rate: 31/03/18 to 13/01/19: 2.00%
14/01/19 to 09/01/22: 2.50%
10/01/22 to 31/03/23: 2.75%</td></tr>
</table>

UNILEVER UK PENSION FUND
STATEMENT OF TRUSTEES' RESPONSIBILITIES

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including the Financial Reporting Standard FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and

- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustees are also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time revising a Schedule of Contributions showing the rates of contributions payable towards the Fund by or on behalf of the Principal Employers and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustees are also responsible for the maintenance and integrity of the financial information of the Fund included on the Fund's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

UNILEVER UK PENSION FUND
INVESTMENT REPORT

This Investment Report sets out details of the Defined Benefit (DB) investment strategy and its implementation, including any changes during the year (see section 1). It also includes the investment returns achieved by the Fund during the year compared to the appropriate benchmarks and a summary of the investment managers in place for each asset class.

This Report also provides an overview of the Investing plan (see section 2). Fidelity, the investment provider for the Investing plan, can provide members with performance details of their underlying investments on request.

Market background

It has been a challenging year for investment markets as interest rates and inflation rose significantly over the year, while global growth slowed. While there are signs now that inflation has begun to fall, central banks are facing the challenge of further reducing inflation while simultaneously encouraging growth. This global trend was exacerbated in the UK during September as the mini-Budget caused a period of extreme volatility with unprecedented rises in government bond yields.

Global equity markets fell slightly over the year. Over the 12-month period, the return on the MSCI AC World index was negative 3.2% (in GBP terms). UK bond markets delivered significantly negative returns as bond yields rose over the year to 31 March 2023. The FTSE Gilts All Stocks index returned negative 16.3%, while long-dated issues as measured by the corresponding Over 15 Year Index returned negative 29.7% over the year. UK property investors also suffered over the 12 month period, with the corresponding IPD UK All Property Index returning circa negative 14.5%.[1]

While the market was challenging, the Funding level of the plan improved during the year, which resulted in reaching a de-risking trigger in September 2022.

Statistics sourced from MSCI and FTSE Russell.

(1) MSCI performance from the Standing Investment Index subset. Performance is based on completed and lettable properties only, often described as operating properties.

Taskforce on Climate-Related Financial Disclosures Statement

The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board in 2017, to develop consistent and comparable climate-related financial disclosures by companies, banks and investors such as pension schemes. The aim is to help stakeholders understand their climate-related risks and opportunities. Since 1 October 2021, pension schemes in the UK with assets of £5bn or above have been mandated by law to prepare a formal TCFD statement and report on how they take climate change considerations into account; in particular, pension scheme trustees now need to have formal arrangements in place on climate change governance, strategy, risk management, metrics and targets. The Trustees support the aims of the TCFD and have been voluntarily publishing their annual TCFD statement since 2019. The Fund's full TCFD Statement for the year ended 31 March 2023 can be read on www.uukpf.co.uk/tcfd.

1. Information relating to DB assets

Governance

The Trustees regularly review the Fund's investment governance processes, taking into account any relevant industry consultations as well as appropriate best practice and principles.

The Fund remains supportive of the UK Stewardship Code and, through Hermes Equity Ownership Services, seeks to apply its principles. Information on voting and engagement information can be found on the Fund's website within the Statement of Investment Principles (https://www.uukpf.co.uk)

Investment strategy

The Fund has an investment strategy that ultimately aims for self-sufficiency, referred to as the Low Employer Dependency ('LED') basis (that is, where it is not dependent on the Company for potential deficit contributions). The Fund's current strategy is to target a return of gilts plus 1.0% a year whilst managing investment risk within agreed limits. This strategy was set by the Trustees after fully considering the funding objectives, the level of risk inherent in targeting a return in excess of gilts, an assessment of the strength of the Unilever covenant to support the Fund, and also the Company's views on the investment strategy. Now the funding level has reached the Long Term Funding Target on the LED basis, the Trustees' aim is to maintain the funding level at or above the target. During the year, a change to the investment strategy was implemented as part of a de-risking exercise. Details of these changes to the asset allocation are set out in the table below. The main changes were to reduce the allocation to the growth category and increase the allocation to the matching category, in order to reduce the level of investment risk and increase the level of liability hedging. The transition was ongoing over the year end.

Details of the investment strategy, together with other important investment information for the Fund, are set out in a Statement of Investment Principles ('SIP') as required by Section 35 of the Pensions Act 1995 and Section 244 of the Pensions Act 2004. The latest SIP was approved and signed on behalf of the Trustee Board on 13 September 2022. The SIP was updated to take into account the investment strategy changes as part of the de-risking exercise. It is the Trustees' policy to review the SIP every three years and immediately after any significant change to the investment strategy. A copy of the SIP is available from the Fund Secretary on request and from the Fund's website (https://www.uukpf.co.uk).

Responsible investment and corporate governance

The Univest Company is a signatory to the UN Principles for Responsible Investment under an umbrella agreement covering all Unilever pension funds. The Trustees believe that the transition to a more sustainable global economy is inevitable and therefore they must act quickly and effectively to minimise the risks and maximise the opportunities afforded by the transition to a sustainable economy. Of the many sustainability challenges to be addressed, they consider climate change to be the priority, and its impact to be the most immediate and significant risk to the global economy.

The Trustees currently do not take into account any factors they consider to be non-financial. However, this is reviewed on a periodic basis. The Trustees have a Taskforce on Climate-Related Financial Disclosures Statement which provides more details about their approach (publicly available at https://www.uukpf.co.uk.

It is the Trustees' policy that all matters are taken into account in the selection, retention and realisation of investments to the extent that they are materially relevant in assessing the future prospects of specific investments, including sustainability considerations. The Trustees have a three-tiered approach to implementing sustainable investing:

- Tier 1 – Includes ensuring that the investment managers are evaluated and tested to assess how sustainability considerations are being taken into account. This is through a tool that the Trustees helped develop called the Sustainability Scorecard.
- Tier 2 – Includes investing in the funds which have a sustainability bias or tilt, aligned with the Trustees' beliefs and goals.
- Tier 3 – Includes specific impact investing opportunities. This has been implemented for the DB section, via a tailored private market impact investing fund which Unilever's in-house pension/investment organisation has set up on behalf of Unilever Global pension funds.

Stewardship activities: Active engagement with portfolio companies is an important tool for building a climate resilient portfolio. An external stewardship provider carries out the majority of the Fund's stewardship activities including voting and engagement. One of the provider's core objectives is to ensure that the actions and strategies of companies in the Trustees' portfolios are aligned to the goals of the Paris Agreement on Climate Change.

Exclusions: The Trustees believe that the decision to divest from a company should be a natural consequence of the Fund's investment managers' processes. The Trustees have, however, adopted an exclusions policy, which applies to companies directly involved in the manufacture of cluster munitions or anti-personnel mines and companies for which the majority of revenues come from coal mining or coal power generation. The exclusion list is provided to investment managers on a quarterly basis.

Collaboration: The Trustees recognise that working with others will be necessary for achieving their carbon reduction targets. This is aligned to their second sustainability goal of achieving an eco-system of investment managers, advisers and other external collaborators with the knowledge, capabilities and capacity to help them construct and manage a resilient portfolio.

Asset allocation

As a result of market movements, the Fund's actual asset distribution may differ from the strategic allocation target at any time. The actual asset allocation is checked monthly (more frequently in periods of high market volatility), and action is taken to keep it within agreed ranges.

The Fund's strategic asset allocation ('Target') at 31 March 2023, together with the comparative position at 31 March 2022, is set out on the next page:

		2023 %			2022 %
Growth Assets	Equities	2.5	Growth Assets	Equities	7.4
	Private Equity	3.5		Private Equity	3.5
	Property	5.7		Property	5.8
	Hedge Fund	2.8		Hedge Fund	2.8
	Sustainable Assets	2.5		Sustainable Assets	2.5
	Total Growth	**17.0**		**Total Growth**	**22.0**
Income Assets	Corporate Bonds	10.0	Income Assets	Corporate Bonds	10.0
	HLV Property	4.2		HLV Property	4.2
	Diversified Income	7.0		Diversified Income	7.0
	High Yield Debt	2.0		High Yield Debt	2.0
	Emerging Markets Debt	2.0		Emerging Markets Debt	4.5
	Total Income	**25.2**		**Total Income**	**27.7**
Matching Assets	LDI, Hedges, Govt Bonds	57.8	Matching Assets	LDI, Hedges, Govt Bonds	50.3
	Total Matching	**57.8**		**Total Matching**	**50.3**
	Total	**100.0**		**Total**	**100.0**

The actual asset allocation shows the market value of the assets included within the relevant category (excluding DC and AVC investments). The figures include both direct investments and those through pooled investment vehicles. The use of derivatives in the Fund may result in actual market exposure varying slightly from the figures below.

			2023 £m	2023 % actual	2023 % target				2022 £m	2022 % actual	2022 % target
Growth Assets		Equities[1,3]	253.1	3.3	2.5	Growth Assets		Equities[1,3]	1,300.7	11.9	7.4
		Private Equity[2]	366.8	4.7	3.5			Private Equity[2]	335.2	3.1	3.5
		Property[4]	390.5	5.1	5.7			Property[1,4]	484.0	4.4	5.8
		Hedge Fund[2]	130.8	1.7	2.8			Hedge Fund[2]	350.1	3.2	2.8
		Sustainable Assets[3]	157.2	2.0	2.5			Sustainable Assets[3]	121.4	1.1	2.5
		Total Growth	**1,298.4**	**16.8**	**17.0**			**Total Growth**	**2,591.4**	**23.7**	**22.0**
Income Assets	Low Risk	Corporate Bonds[1]	746.1	9.7	10.0	Income Assets	Low Risk	Corporate Bonds[1]	910.9	8.3	10.0
	Medium Risk	HLV Property[1]	339.0	4.4	4.2		Medium Risk	HLV Property[1]	412.2	3.8	4.2
		Diversified Income	587.2	7.6	7.0			Diversified Income	727.0	6.6	7.0
	High Risk	High Yield Debt[2]	307.3	4.0	2.0		High Risk	High Yield Debt[2]	469.4	4.3	2.0
		Emerging Markets Debt[2]	117.3	1.5	2.0			Emerging Markets Debt[2]	457.0	4.2	4.5
		Total Income	**2,096.9**	**27.2**	**25.2**			**Total Income**	**2,976.5**	**27.2**	**27.7**
Matching Assets		LDI, Hedges, Govt Bonds	4,059.7	52.7	57.8	Matching Assets		LDI, Hedges, Govt Bonds	5,330.9	48.7	50.3
		Total Matching	**4,059.7**	**52.7**	**57.8**			**Total Matching**	**5,330.9**	**48.7**	**50.3**
		Total ex other	**7,455.0**	**96.7**	**-**			**Total ex other**	**10,898.8**	**99.6**	**-**
Other		**Total other**	**255.3**	**3.3**	**-**	Other		**Total other**	**45.6**	**0.4**	**-**
		Total	**7,710.3**	**100.0**	**100.0**			**Total**	**10,944.4**	**100.0**	**100.0**

Notes:
1. These categories include segregated manager holdings and pooled assets.
2. These categories consist of pooled investment vehicles.
3. Sustainability considerations are monitored for all assets. Whilst monies are awaiting to be fully invested, assets are invested in equities.

Each class has allowable ranges around them and rebalancing occurs when the assets fall outside this range. The Trustees have a Rebalancing and Cashflow Policy which sets out allowable ranges and the overall process for rebalancing.

The asset allocation set out in the SIP was amended when the last de-risking trigger was reached in September 2022, to be in line with the strategic allocation set out in the Fund's de-risking plan. However, it was not possible to transition immediately to this allocation, as holdings in illiquid assets were higher than expected when the de-risking plan was set. This was because the final de-risking trigger was reached much earlier than the target date of 2029. In addition, the Investment strategy review being carried out as part of the 31 March 2022 Fund Funding Valuation was already in progress at that time. The Investment and Funding Committee therefore agreed an initial de-risking step involving the liquid assets which achieved the majority of the required risk and return reduction, and agreed that the remainder of the transition would be agreed as part of the investment strategy review.

Investment returns

Investment returns relative to liabilities:

The Trustees are responsible for the investment strategy and monitor the investment returns of the Fund against a proxy for the Fund's liabilities provided by the Fund Actuary (on a Technical Provisions basis). This gives an indication of changes in the funding level. The funding level is separately reported to members annually.

	Asset return %	Change in liabilities %	Asset return less change in liabilities %
Year ended 31 March 2023	-26.3	-25.0	-1.3
3 Years (annualised, p.a.)	-3.2	-9.3	6.1

Investment returns relative to market returns:

The actual investment returns for each asset class are also measured quarterly against the market return (benchmark) in order to assess the performance of the investment managers. A summary of actual returns for each major asset class and the Fund as a whole compared against the benchmark for the one and three-year periods to 31 March 2023 is as follows:

		1 year to 31 March 2023		
		Fund %	**Benchmark %**	**Relative %**
Growth	Equities (1)	-0.5	-1.4	0.9
	Private Equity (2)	3.5	3.5	0.0
	Property	-17.5	8.0	-25.5
	Hedge Funds	9.3	5.5	3.8
	Sustainable Assets (2)	6.5	6.5	0.0
Income(4)	Low Risk	-9.8	-9.6	-0.2
	Medium Risk	-5.2	9.4	-14.6
	High Risk	3.1	3.0	0.1
Matching	Matching Portfolio (2)	-23.5	-23.5	0.0
Total (3)		**-26.3**	**-22.4**	**-3.9**

(1) Excludes securities lending.
(2) Benchmark is equivalent to fund return.
(3) Includes cash returns.
(4) Low Risk includes Global Credit. Medium risk includes Diversified income Fund, Real Estate Debt and HLV Property. High risk includes Global High Yield Bonds, Mezzanine Debt and Emerging Market Debt.

		3 years (p.a.) to 31 March 2023		
		Fund %	**Benchmark %**	**Relative %**
Growth	Equities (1)	13.8	15.5	-1.7
	Private Equity (2)	14.6	14.6	0.0
	Property	0.0	6.8	-6.8
	Hedge Funds	10.5	7.8	2.7
	Sustainable Assets (2)	8.6	8.6	0.0
Income(4)	Low Risk	-2.0	-2.6	0.6
	Medium Risk	1.5	3.9	-2.4
	High Risk	4.5	3.6	0.9
Matching	Matching Portfolio (2)	-8.4	-8.4	0.0
Total (3)		**-3.2**	**-2.1**	**-1.1**

(1) Excludes securities lending.
(2) Benchmark is equivalent to fund return.
(3) Includes cash returns.
(4) Low Risk includes Global Credit. Medium risk includes Diversified income Fund, Real Estate Debt and HLV Property. High risk includes Global High Yield Bonds, Mezzanine Debt and Emerging Market Debt.

The property assets (held within Growth and Medium Risk Income) have benchmarks set relative to inflation. While they aim to outperform the benchmark over longer term periods, underperformance is expected during periods of very high inflation.

The Investment and Funding Committee ('IFC') reviews each asset class and assesses the performance of each class and underlying managers relative to the specific benchmarks allocated to them, as well as assessing the ongoing suitability of the asset class in general and considering whether it is expected to continue to perform its required role in the context of the overall investment strategy for the Fund. In a diversified investment strategy, it is expected that some asset classes will underperform over some periods, and past performance is one of many factors considered in asset class reviews when assessing an asset's suitability looking forward. Investment managers are paid fees in line with contractual agreements, related to the market value of the assets under management, and, for some, their performance too. Their performance is reviewed quarterly by the IFC.

Univest pooled arrangements
The Fund invests a proportion of its equity and bond assets in the Unilever Pooled Investment Vehicle ('Univest pooled vehicle') which is an umbrella vehicle established in Luxembourg called a "Fonds Commun de Placement" ('FCP'). The purpose of the vehicle is to optimise the investments of Unilever pension funds worldwide, taking advantage of economies of scale, diversification and expertise.

The investment in the Univest pooled vehicle has been made by the Trustees on an "arm's length" basis and the funds' investment performances are formally monitored in the same way as all the Fund's other investments.

Universal Investment-Luxembourg is the Management Company for the Univest pooled vehicle, which consists of a range of sub-funds, each with underlying investment managers appointed by the Management Company.

The investments in emerging market debt and hedge funds are also made through pooled vehicles, called Univest III and Univest IV respectively. These are investment funds established in Luxembourg and each qualify as a "Société d'investissement à capital variable" ('SICAV').

The Univest Company
The Univest Company B.V. (Univest Company) provides internal investment support for Unilever pension plans and brings the in-house Unilever pension investment expertise together into one central unit. The Univest Company is a wholly-owned subsidiary of Unilever PLC and is constituted and regulated in the Netherlands. It recovers its costs from the pension plans to which it provides investment support. The relationship between the Trustees and the Univest Company is governed by a service level agreement and formal reporting is provided quarterly.

Investment holdings
Fund investments are invested in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378). The Fund is a Registered Pension Scheme under the Finance Act 2004.

Liability Driven Investment ('LDI')
The Trustees commenced the LDI mandate in 2010, with the aim of using a range of derivatives to hedge the Fund's liabilities against interest rate and inflation risk. As part of the wider de-risking programme where investment risk is reduced on achieving specific improvements in the funding level, a de-risking framework is in place that increases the interest rate and inflation hedge ratios as the funding level improves.

As part of the latest de-risking exercise, the Fund's inflation and interest rate hedge ratios were increased from 100% to 105%. This change was implemented during September 2022.

To manage counterparty risk, derivatives used are collateralised on a daily basis. Collateral arrangements are also managed by the LDI manager. The only permitted collateral is cash and government bonds.

The Fund continues to monitor developments with central clearing and any future impact that this may have on cash collateral. This is also considered alongside the de-risking of the Fund whereby different solutions for cash collateral will be agreed with the LDI manager.

Marketability of investments
All assets are readily marketable except for those in property, hedge funds, private equity and private debt. The readily marketable assets make up over 75% of the total DB assets at the end of the year.

Global custody arrangements
The Northern Trust Company acts as Global Custodian for the Fund. Wherever possible, the Fund's segregated investments are held in a nominated account at The Northern Trust Company in the name of the Trustee of the Fund. Reports are received each month covering the assets held by the Custodian and transactions in the month. The Custodian is independent of the fund managers and provides a check on the recording and valuation of the segregated assets of the Fund. Pooled investment vehicles have their own custody arrangements.

2. Information relating to the Defined Contribution (DC) section

Governance and strategy
Information on the governance and strategy for the DC section is provided within the Defined Contribution Annual Statement starting on page 11. As stated in that statement, the DC section has two investment plans, the "Investing plan" and "Retirement Savings plan" (the 'plans'). The information below is in respect of the investment strategy of these plans, and how that strategy is implemented.

The purpose of the Growth Funds, Bond Fund and Cash Fund in the plans is to give broad exposure in an efficient manner to the global markets in equities, bonds, currency and property. The global developed market equities follow an active approach and the emerging market equities follow an index tracking passive approach, whilst bonds, with the exception of UK Gilts, are actively managed. The property investments are held in investment trusts which passively follow an index and cash is actively managed. Given the extent to which the Trustees use index tracking strategies, they do not expect outperformance net of fees against the benchmark. Active managed funds are utilised to the extent that the Trustees either have a high level of confidence in the respective investment managers achieving their performance objectives, or believe risk can be better controlled, net of investment management fees, by utilising active management.

UNILEVER UK PENSION FUND
INVESTMENT REPORT (continued)

Distribution of assets

The distribution of the Investing plan assets and the total numbers of members investing in each fund at 31 March 2023 are detailed in the table below:

Investing plan – fund name	Fund value at 31 Mar 2023 (£000)	% of total assets in plan	Number of members
Moderate Growth Fund	178,697	82.4	7,822
Cautious Growth Fund	15,978	7.4	1,337
Global Equity Fund	10,544	4.9	366
Cash Fund	7,925	3.7	365
Emerging Markets Fund	2,602	1.2	173
Bond Fund	674	0.3	68
Real Return Fund	443	0.2	58
Total	**216,864**	**100.0**	

The distribution of the Retirement Savings plan assets and the total numbers of members investing in each fund at 31 March 2023 are detailed in the table below:

Retirement Savings plan – fund name	Fund value at 31 Mar 2023 (£000)	% of total assets in plan	Number of members
Moderate Growth Fund	6,275	96.8	1,142
Cautious Growth Fund	105	1.6	57
Global Equity Fund	91	1.4	10
Cash Fund	5	0.1	8
Emerging Markets Fund	1	0.0	1
Bond Fund	0	0.0	0
Real Return Fund	7	0.1	1
Total	**6,484**	**100.0**	

The Moderate Growth Fund continues to be the largest fund with 82.4% of all Investing plan member-designated assets and 96.8% of Retirement Savings plan assets being invested there. This fund is a key element in the default strategy.

The investment returns of the various managed funds for the year and the three years ended 31 March 2023 are as follows (these figures are net of all investment and member administration costs):

	1 Year return			3 Years		
Fund name	**Actual return %**	**Benchmark return %**	**Difference to benchmark %**	**Actual return p.a.%**	**Benchmark return p.a.%**	**Difference to benchmark p.a. %**
Cash Fund	2.1	2.2	-0.1	0.6	0.7	-0.1
Bond Fund	-20.4	-21.6	1.2	-6.9	-9.1	2.2
Cautious Growth Fund	-11.4	-9.3	-2.1	2.5	2.1	0.4
Moderate Growth Fund	-6.0	-2.7	-3.3	11.3	11.0	0.3
Real Return Fund	-14.5	-13.3	-1.2	1.8	2.3	-0.5
Global Equity Fund	-4.2	-1.5	-2.7	15.2	15.3	-0.1
Emerging Markets Fund	-5.9	-6.0	0.1	7.4	8.5	-1.1

Further details of the plans' funds are in the fund fact sheets, available to download from Fidelity's PlanViewer system, or from the Fund website (www.uukpf.co.uk).

The fund returns are net of investment management fees and member administration costs whilst the benchmark return does not allow for these costs, which is one of the key reasons for differences between the fund and the benchmark returns, where the underlying investment funds are managed on an index-tracking basis. There will be periods where some funds do not track their index benchmarks exactly and hence there can be a small tracking error.

UNILEVER UK PENSION FUND
IMPLEMENTATION STATEMENT

Annual Implementation Statement – for Fund year ended 31 March 2023

1. Introduction

This document is the Annual Implementation Statement (the ''Statement'') prepared by the Trustees of the Unilever UK Pension Fund (the ''Fund'') covering the Fund year to 31 March 2023 for both the Defined Benefit (''DB'') and Defined Contribution (''DC'') sections of the Fund. The statement is publicly available at https://www.uukpf.co.uk.

In line with regulatory requirements, the purpose of this Statement is to:

- Describe any formal review of the Statement of Investment Principles (the ''SIP'') undertaken during the Fund year.
- Describe any changes made to the SIP during the Fund year, noting the rationale for any change.
- Where no formal review was undertaken during the Fund year, provide the date of the last formal review.
- Set out how, and the extent to which, the Fund's SIP, has been followed during the Fund year.
- Disclose the voting behaviour on equity investments by, or on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) over the Fund year. Disclose any use of a proxy voter service.

To the best of its knowledge, the Trustee Board has followed all of the principles as outlined in the relevant SIP during the reporting period.

2. Formal review and changes of the Fund's SIP during the Fund year

During the course of this Fund year the SIP was updated on 13 September 2022, to reflect the change in the asset allocation of the Fund's DB Section following the reaching of a de-risking trigger.

3. Adherence to the SIP

The Trustees believe the principles outlined in the SIPs have been followed during the relevant period to which each relates in the Fund year.

This statement sets out details of how this has been achieved for the Fund in relation to some of the key principles and policies governing decisions about Fund investments as set out in the SIP.

General: Choosing investments (Appointment and Delegation and Governance Structure)

The Trustee has developed an investment decision making and implementation delegation structure that allows the Trustee Board to focus on the key strategic and governance decisions, with the management and operations activities delegated to internal teams, advisers, managers and custodians. The Trustee Board has constituted the Investment & Funding Committee ('IFC') and the Defined Contribution Committee ('DCC'). These committees each consist of a subset of the Trustee Board and an independent expert. Both the IFC and DCC met quarterly during the year, in line with their agreed terms of reference. In addition, over the year the Trustee Board, IFC and DCC received additional investment training during the course of their work.

DB Section

<u>Strategy and asset allocation</u>

The overriding objective of the DB Section is to ensure that sufficient assets are available to pay members' benefits as and when they fall due, taking account of the Employer Covenant (the Employers' legal obligations to pay contributions and their ability to meet those obligations). To support this objective, the Trustee has adopted a trigger based de-risking plan, which aims to reduce the risk in the investment strategy by making changes to the Fund's target asset allocation between three main categories (growth assets, income assets and matching assets) as the funding level improves.

This plan anticipates ultimately reaching an objective of 105% funding level on a "low employer dependency" basis, at which point the funding level could be maintained with a low-risk strategy. The Trustees original aim was to reach this objective by the end of 2029.

Consequently, the funding level is monitored on an ongoing basis by the Fund's Actuary, who, in line with the trigger based de-risking plan, will provide notification when a potential de-risking opportunity arises, so it can be discussed by the IFC. During the Fund year the Fund hit a de-risking trigger, achieving the 105% funding level ahead of the target date of 2029. This led to a reduction in Growth assets and increased investment in Matching assets. The de-risking activity resulted in the Fund increasing its liability hedging target from 100% to 105% for both inflation and interest rates. The Trustees will now aim to manage the funding and investment strategy, with the aim that the funding level remains at or above the 105% funding level on the low employer dependency basis.

The IFC also carries out rolling asset class reviews to ensure the asset classes underlying the investment strategy remain fit for purpose. These reviews include a more detailed assessment of the performance of each asset class (and the funds/managers within it) and consider in more detail the context for the performance. In addition, they also include a re-assessment of the fee levels paid for the investments. The IFC aims to complete a review of each asset class during each triennial valuation cycle. During this Fund year the main focus was the triennial investment strategy review, in conjunction with the actuarial valuation, and a review of the Matching assets was also carried out.

Risk management and monitoring

The Trustee Board has a risk management framework in place which sets out the process for monitoring the top risks to the Fund. The Trustee Board discusses risk management quarterly and risks are monitored by committees as appropriate. The four main investment risks monitored by the Investment and Funding Committee (IFC) are:

1) Funding Risk – to monitor funding level relative to the target.
2) Covenant Risk – to monitor the ongoing strength of the Employer.
3) Investment Risk – to monitor the level of investment risk in the investment strategy.
4) Liquidity Risk – to monitor the level of liquidity of investments relative to requirements.

For each of these main risks, the Trustee Board have set appropriate metrics, thresholds and agreed actions which were reported to, and discussed by, the IFC each quarter during the Fund year. Further details are as follows:

The Trustees monitor funding risk, assessing the funding level with the aim that it remains at or above the 105% funding level on the low employer dependency basis.

The Trustees monitor covenant risk. The Trustee Board employs an independent covenant specialist to provide quarterly assessments of the strength of the Fund's sponsoring employer. This is presented to the IFC each quarter, and a more detailed review of covenant is carried out annually. No significant concerns were highlighted during this Fund year.

The Trustees monitor investment risk, focussing on the level of Value at Risk ("VaR") relative to a target range and on the progress towards the Fund's carbon intensity reduction targets to minimise risks related to climate change. The investment risk remained in line with the Trustee's expectations.

The Trustees monitor the liquidity risk of the Fund. The Trustees ensure there are sufficient liquid assets available to meet payments through monitoring of the Fund's overall liquidity position (looking at coverage ratios through both typical and stressed market conditions) and cashflow management. Liquidity remained comfortably above the minimum acceptable level throughout the Fund year.

Responsible Investment and Stewardship

The Trustee Board's approach to sustainable investment has evolved over the years to the point that sustainable investing is fully integrated into "business as usual". This approach reflects the Trustees' beliefs that members' interests and sustainability are inextricably linked, that the pace of change requires the Trustee Board to be agile, and that their response must be integrated into the design and execution of the investment strategy. The Trustee currently does not take into account any factors it considers to be non-financial.

Of the many sustainability challenges to be addressed the Trustee considers climate change to be a priority, and its impact to be the most immediate and significant risk to the global economy.

The Trustee Board carried out a comprehensive review of the Fund's sustainability approach over 2020/2021, which led to a number of priority actions, including development of a sustainability implementation plan. Over the course of this Fund year, the Trustees achieved further progress on the completion of the priority items, which included revisiting investment beliefs as they relate to sustainability, carrying out the annual comprehensive carbon foot-printing exercise for the Fund's investments, understanding the Fund's progress in its carbon journey plan and enhancing the Fund's global credit bond fund with a sustainability focus. The Trustee Board also continued to meet its commitments for investment in the climate focused impact funds, launched by Univest Company.

The Trustee received further training on investment beliefs, the new sustainability focused global credit bond fund and carbon foot-printing.

The Trustee also reviewed the revised terms of reference for its committees and the in-house Executive teams to clarify the roles, responsibilities and governance around managing sustainability related risks and opportunities.

Active engagement with portfolio companies is an important tool for building a climate-resilient portfolio. An external stewardship provider carries out the majority of the Fund's stewardship activities including voting and engagement. The stewardship provider seeks to ensure that our portfolio companies' strategies and actions are aligned to the goals of the Paris Agreement on Climate Change.

The Trustee recognises that working with others will be necessary for achieving their carbon reduction targets. Through Univest Company, the Trustee is involved with a number of collaborative initiatives including the UN Net Zero Asset Owners Initiative, the UN Principles of Responsible Investment, and the Institutional Investor Group for Climate Change. The CIO also represents the Fund at the UK Occupational Pensions Stewardship Council meetings. Univest Company has also developed its Sustainable Investment Plan to complement the Trustee's approach to sustainability.

Exclusion

The Trustee has adopted an Exclusion Policy which applies to companies directly involved in the manufacture of cluster munitions or anti-personnel mines and companies for which the majority of revenues come from coal mining or coal power generation. The Exclusion Policy is kept up to date via external data providers and shared with the Fund's direct investment managers on a quarterly basis, and the investment managers sign and confirm adherence to the Exclusion Policy.

Arrangements with managers

The performance of investment managers is monitored by the IFC at their quarterly meetings where they receive quarterly reporting setting out performance alongside ratings for the underlying managers. In the prior Fund year, the Trustee updated its criteria for the appointment and retention of managers taking into account the managers' integration of sustainability into their investment decisions. More detailed assessments of performance are carried out as part of the rolling asset class reviews and via the annual Sustainability Scorecard process. As part of the rating process, the underlying holdings for each manager are assessed to see whether they are consistent with the stated strategy. This includes a consideration of portfolio turnover relative to expectations for the strategy as well as an assessment of sustainability integration relative to expectations. As at 31 March 2023 there were no material concerns, and during the Fund year all relevant direct investment managers adhered to the Exclusion Policy provided to them.

DC Section

Strategy

The overriding objective is to ensure that the Fund is effectively governed and administered, with suitable investment and retirement options, and a communication and education programme that enables members to make informed decisions that are appropriate for their circumstances.

The Trustee provides a range of investment options (both auto-switch lifestyle options and default target retirement date options) to members meeting objectives set out in the Fund rules.

The Trustee performs regular reviews of the asset allocation of each of the 7 investment options, covering their appropriateness, objectives and the individual investment managers on a periodic basis (at least every 3 years). The Trustee employs a third-party investment advisor to perform this investment strategy review tri-annually; the last review was carried out during 2022.

Monitoring

The DCC received reporting each quarter during the Fund year containing details of the performance and risk metrics of the investment options available to members, along with investment adviser ratings for each underlying investment manager.

The DCC also received details of the Total Expense Ratio for each fund, every quarter. This information is provided by the platform provider. The annual Sustainability Scorecard process is also carried out for the DC Section's managers assessing Sustainability integration in the managers' strategies.

Responsible Investment and Stewardship

The Trustee's approach to sustainability set out above – including their Sustainability goals and Carbon Journey Planning – applies to DC as well as DB. The carbon footprint and climate scenario analysis previously set out above was completed for both sections of the Fund.

The DC Section's default investment option includes sustainability focused equities, which comprises 100% of the DC Section's global developed market equities exposure.

The assets are invested in pooled funds, and therefore voting and engagement are carried out by the investment managers, who have full discretion to vote and engage as they see appropriate. Further details are set out below.

4. Voting and engagement activity of the Fund's investments over the course of the Fund year.

Our voting and engagement activities are aligned to our stewardship and engagement objectives to promote a stable, well-functioning and well governed social, environmental and economic system on which long-term sustainable returns are dependant. Our external stewardship provider and our managers are aware of Trustees' stewardship and engagement priorities.

4.1. DB Section

The DB section of the Fund invests in a number of investment portfolios, which are managed by a number of different investment managers. In order to harmonise and leverage scale of the Fund's ability to vote and engage, a third-party voting proxy provider is used to vote and engage across most eligible investments. The external stewardship provider only abstains from votes in exceptional circumstances such as where the vote is conflicted, a resolution is to be withdrawn, or there is insufficient information upon which to base a decision.

The table below sets out information on the most significant votes, for which the data has been provided by the external stewardship provider.

Voting Summary	Significant Votes
Meetings eligible to vote at: 1,798 **Resolutions eligible to vote on:** 21,989 **Resolutions voted on, for which they were eligible:** 94% **Resolutions voted with management:** c.84% **Resolutions voted against management:** c.16% **Resolutions abstained from:** c.0% **Process to determine "the most significant" votes** Significant votes are considered to be resolutions or issues relating to climate change for those companies where the Fund holds a relatively larger share of the outstanding share capital of the company (compared to other companies the DB section of the Fund invests in) **Where the vote was against management, did the investment manager communicate their intent to the company ahead of the vote?** Yes	**Company**: **Equinor (c. 0.2% of underlying fund)** **Resolution/ issue:** Shareholders were asked to approve the company's energy transition plan. **Voting instruction**: **Against management** primarily due to the plans to increase oil and gas production until 2026 with no indication of declining production until at least 2030. The company's own reporting also notes the Scope 3 emissions intensity trajectory to be below the ambition of a 1.5-degrees Celsius-aligned scenario. The proposal was passed by the majority of the shareholders. Our voting and engagement provider will continue to engage with the company on their energy transition plans and targets. **Company: Enbridge (c. 0.9% of underlying fund)** **Resolution/ issue:** Shareholder proposal was filed in relation to disclosure of the climate action plan and GHG emissions reduction targets. **Voting Instruction: For the shareholder resolution** on the basis of better management of climate-related risks. The proposal was passed by the majority of the shareholders. **Company: Glencore (0.6% of underlying fund)** **Resolution/ issue:** Shareholders were asked to approve the company's Climate Progress Report. While it should be recognised that any progress is a good starting point, on balance it was felt that the company's actions are not aligned to the goals of the Paris Agreement and that more work, more progress and continued engagement on the topic is required. **Voting instruction**: **Against management** on the basis of inadequate progress. Despite the proposal being passed by the majority of the shareholders, more than 20% of votes cast were against. Given this, Glencore is consulting with all shareholders and their intermediaries, and will be providing an update on the views received and actions taken.

4.2. DC Section

The DC section of the Fund has a number of different investment options available to members, which include some investment portfolios that utilise voting rights (these are shown in the table of significant votes below). Within each of the below funds, the investment managers carry out their own investment voting and engagement, and the underlying manager has discretion on whether to utilise a proxy voting provider. In addition, there are a number of smaller AVC holdings in the Fund (making up less than 0.1% of total assets), for which voting and engagement activities are carried out by the investment managers, the Trustee does not have details of voting behaviour for these funds.

Voting Summary	Significant Votes
Global Equity	
Meetings eligible to vote at: 507 **Resolutions eligible to vote on:** 6,715 **Resolutions voted on, for which they were eligible:** 95% **Resolutions voted with management:** c.87% **Resolutions voted against management:** c.13% **Resolutions abstained from:** <0.5% **Proxy adviser service used:** Glass Lewis/others dependent on jurisdiction **Type of voting policy used:** Russell Investment's policy/manager's own policy **Process to determine "the most significant" votes** Significant votes are considered to be resolutions or issues relating to Environmental, Social, and/or Governance topics, having relatively high weight in the Fund, and at least 5% of shareholders voting against management. **Where the vote was against management, did the investment manager communicate their intent to the company ahead of the vote?** No	**Company: Johnson & Johnson (c. 1.7% of underlying fund)** **Key resolution: Shareholder Proposal Regarding Lobbying Activities Alignment with Universal Health Coverage** **Vote: Against shareholder proposal, along with over 56% of the vote.** On the basis that the company's disclosure regarding its lobbying activities is relatively aligned with that of its peers as well as adequate for shareholders to evaluate its lobbying activities' alignment with its position on Universal Health Coverage.
Emerging Market Equity Fund	
Meetings eligible to vote at: 2,780 **Resolutions eligible to vote on:** 24,234 **Resolutions voted on, for which they were eligible:** 99% **Resolutions voted with management:** 87% **Resolutions voted against management:** 12% **Resolutions abstained from:** 1% **Proxy adviser service used:** Dependent on jurisdiction. **Type of voting policy used:** The investment manager's own policy. **Process to determine "the most significant" votes:** Significant votes are considered to be resolutions or issues relating to material Environmental, Social and/or Governance topics that the manager believes will impact sustainable long-term financial performance.	**Company: Grupo Mexico (c. 0.3% of underlying fund)** **Key resolutions:** Financial Statements, Allocation of Income, Approval of auditors, Remuneration Policy, Verify Independence of Board members and Election of Board members. Board recommended voting in favour of these proposals. **Vote: For all resolutions** other than **Against for** Election of Board members (due to lack of adequate climate risk disclosures in line with TCFD). All proposals were passed by the majority of the shareholders. The manager will continue to engage with the company on these matters as a long-term shareholder, in the best interest of the investors.

Where the vote was against management, did the investment manager communicate their intent to the company ahead of the vote? No	
Global Property Securities Fund	
Meetings eligible to vote at: 387 **Resolutions eligible to vote on:** 4,282 **Resolutions voted on, for which they were eligible:** 86% **Resolutions voted with management:** 95% **Resolutions voted against management:** 4% **Resolutions abstained from:** 1% **Proxy adviser service used:** Dependent on jurisdiction. **Type of voting policy used:** The investment manager's own policy. **Process to determine "the most significant" votes:** Significant votes are considered to be resolutions or issues relating to material Environmental, Social and/or Governance topics that the manager believes will impact sustainable long-term financial performance.	**Company: Carmila SA (c. 0.1% of underlying fund)** **Key resolution**: Approve Climate Transition Plan **Vote: For resolution** The proposal was passed by the majority of shareholders.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE UNILEVER UK PENSION FUND

Opinion

We have audited the financial statements of the Unilever UK Pension Fund (the 'Fund) for the year ended 31 March 2023, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

In our evaluation of the Trustees' conclusions, we considered the inherent risks associated with the Fund including effects arising from macro-economic uncertainties such as the impact of inflation and rising interest rates, we assessed and challenged the reasonableness of estimates made by the Trustees and the related disclosures and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustees.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustees
As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to wind up the Fund, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined the most significant are the Pensions Act 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of the Pension Schemes" 2018 ("the SORP").
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Fund operates.
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustees, and from inspection of Trustees' board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustees.
- We assessed the susceptibility of the Fund's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to:
    - The risk of management override of controls through posting inappropriate journal entries to manipulate results and net assets for the year.
    - The valuation of hard to value assets using a method not permitted under the SORP.

Our audit procedures involved:

- Journal entry testing, with a focus on large manual journals to unusual account codes, including:
    - Manual journals with unusual account combinations such as those between the Fund Accounts and the Statement of Net Assets,
    - Journals posted to suspense accounts, and
    - Journals with blank description.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Including valuation specialists within the audit team to challenge the valuation of property, annuity and derivative contract valuations in the investments valuations recorded within investment assets and liabilities.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of funds of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and understanding of the sector the underlying applicable legislation and related guidance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Fund's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Fund's Trustees those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date

UNILEVER UK PENSION FUND
FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 Defined Benefit section £ m	2023 Defined Contribution section £ m	**2023 Total £ m**	2022 Defined Benefit section £ m	2022 Defined Contribution section £ m	2022 Total £ m
Contributions and benefits							
Employer contributions		42.4	23.1	**65.5**	66.3	18.6	84.9
Employee contributions		-	2.9	**2.9**	0.1	2.4	2.5
Total contributions	4	42.4	26.0	**68.4**	66.4	21.0	87.4
Transfers in	5	-	0.8	**0.8**	-	1.7	1.7
		42.4	26.8	**69.2**	66.4	22.7	89.1
Benefits paid or payable	6	(355.6)	(0.4)	**(356.0)**	(342.8)	(0.6)	(343.4)
Payments to and on account of leavers	7	(33.9)	(4.4)	**(38.3)**	(47.5)	(3.5)	(51.0)
Administration expenses	8	(15.5)	-	**(15.5)**	(15.8)	-	(15.8)
		(405.0)	(4.8)	**(409.8)**	(406.1)	(4.1)	(410.2)
Net (withdrawals) / additions from dealings with members		(362.6)	22.0	**(340.6)**	(339.7)	18.6	(321.1)
Returns on investments							
Investment income	9	178.7	-	**178.7**	215.4	-	215.4
Change in market value of investments	11	(3,049.8)	(13.9)	**(3,063.7)**	391.4	18.5	409.9
Investment expenses	10	(8.4)	-	**(8.4)**	(8.9)	-	(8.9)
Net return on investments		(2,879.5)	(13.9)	**(2,893.4)**	597.9	18.5	616.4
Net (decrease) / increase in the Fund during the year		(3,242.1)	8.1	**(3,234.0)**	258.2	37.1	295.3
Transfers between sections	3	14.0	(14.0)	**-**	10.6	(10.6)	-
Net assets of the Fund at beginning of the year		10,946.8	235.9	**11,182.7**	10,678.0	209.4	10,887.4
Net assets of the Fund at end of the year		7,718.7	230.0	**7,948.7**	10,946.8	235.9	11,182.7

The notes on pages 58 to 75 form part of these financial statements.

UNILEVER UK PENSION FUND
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2023

		2023			2022		
	Note	Defined Benefit section £ m	Defined Contribution section £ m	**Total £ m**	Defined Benefit section £ m	Defined Contribution section £ m	Total £ m
Investment assets	11						
Equities		0.2	-	**0.2**	0.2	-	0.2
Bonds		5,306.3	-	**5,306.3**	7,413.8	-	7,413.8
Property		561.9	-	**561.9**	674.1	-	674.1
Pooled investment vehicles	12	2,795.4	223.4	**3,018.8**	4,874.7	228.3	5,103.0
Derivatives	13	76.3	-	**76.3**	172.2	-	172.2
AVC investments		-	6.0	**6.0**	-	6.9	6.9
Cash	14	5.7	-	**5.7**	11.9	-	11.9
Other investment assets	14	385.6	-	**385.6**	402.0	-	402.0
		9,131.4	229.4	**9,360.8**	13,548.9	235.2	13,784.1
Investment liabilities							
Derivatives	13	(325.4)	-	**(325.4)**	(231.3)	-	(231.3)
Other investment liabilities	14	(1,095.7)	-	**(1,095.7)**	(2,371.7)	-	(2,371.7)
Total net investments		7,710.3	229.4	**7,939.7**	10,945.9	235.2	11,181.1
Current assets	19	26.8	0.6	**27.4**	29.8	0.7	30.5
Current liabilities	20	(18.4)	-	**(18.4)**	(28.9)	-	(28.9)
Net assets of the Fund at end of year		7,718.7	230.0	**7,948.7**	10,946.8	235.9	11,182.7

These financial statements summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Fund, which does take account of such liabilities for the defined benefits section, is dealt with in the Report on Actuarial Liabilities within the Trustees' Report and these financial statements should be read in conjunction with it.

For Unilever UK Pension Fund Trustees Limited

Virginia Holmes
Chair

Andy Rowell
Secretary

Date: 30 October 2023

The notes on pages 58 to 75 form part of these financial statements.

1. Basis of Preparation

These financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (the Financial Reporting Standard applicable in the UK issued by the Financial Reporting Council) and the guidance set out in the Statement of Recommended Practice for Financial Reports of Pension Schemes (revised June 2018) (the SORP).

The financial statements have been prepared on a going concern basis as the Trustees continue to believe this to be an appropriate basis in view of the actuarial valuation results as at 31 March 2022. Details are included in the Trustees' report on page 9.

2. Identification of the financial statements

The Fund is established as a trust under English Law. The address for enquiries to the Fund is included in the Trustees' Report.

The Fund is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from most income and capital gains taxes.

3. Accounting policies

The following are the key accounting policies that have been applied in the preparation of the financial statements. These policies have been consistently applied to all the years presented.

a) Foreign currency translation

The Fund's functional and presentational currency is Pound Sterling.

The value of overseas investments is translated into sterling at the rates of exchange ruling at the end of the year. The resulting exchange differences arising in the year are included in changes in market values of investments and taken direct to the Fund Account.

Where contracts for forward sales of foreign currency have been entered into as a hedge against exposure on foreign currency investments, any unrealised profit or loss at the year end, measured by the difference between spot rate and contract rate, is included in the change in market value of investments, together with realised gains and losses on forward contracts maturing during the year.

b) Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due under the Schedule of Contributions. Additional voluntary contributions from members are accounted for in the month they are deducted from the payroll.

Any additional contributions from the employer are accounted for in line with the Schedule of Contributions or other agreement under which they are paid.

c) Benefits paid or payable

Pensions in payment are accounted for in the period to which they relate. Benefit payments are accounted for on an accruals basis when they fall due. Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Fund as appropriate.

d) Transfer values to and from other schemes

Transfer values represent capital sums received or paid. Transfer values are accounted for when the liability is accepted or discharged by the receiving scheme, which is usually when the transfer amount is paid or received.

e) Transfers between sections

Transfers between sections reflect the realisation of DC investments that are transferred to the DB section and form part of a member's retirement or death benefits. Such transactions are accounted for when transferred. The amount will also include any transfers of unallocated assets between the DC and DB sections.

f) Administration and investment management fees

Administration and investment management fees are accounted for on an accruals basis. Any direct expenses of the DC section are currently borne by the DB section and are allowed for in the contribution rate agreed with the employer.

g) Taxation on benefits

Taxation arising on benefits paid or payable in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund settling their tax liability is accounted for when due and is shown separately within benefits paid or payable.

h) Investment income

Dividends from equities are accounted for on an ex-dividend accruals basis. Interest on deposits, fixed interest and index-linked investments, net property rents and other investment income is accounted for on an accruals basis. Net interest on repurchase agreements is accounted for on an accruals basis. Income from swaps represents the net cashflow from the swap transactions where the nature of the cashflow is income. Where the information is not available to allocate cash flows arising between income and capital the income has been shown within derivative receipts and payments. No adjustment is made for any property lease incentives as these are considered immaterial.

Where income is not distributed by pooled investment vehicles, the income arising on underlying assets is accounted for within the change in market value of investments. Income distributed by pooled investment vehicles is accounted for on an accruals basis.

i) Investments

Investments are included in the Statement of Net Assets (available for benefits) at their fair value as set out below.

- Quoted equities, index-linked and fixed interest securities are valued on the basis of the bid price or last traded price on the relevant stock exchange, depending on the convention of the stock exchange where they are quoted, at the end of the Fund year.
- Accrued interest is included in investment income receivable within "other investment assets", not in the market value of fixed interest and index-linked securities.
- Private equity and debt fund of fund investments are valued by the fund of fund investment managers. The valuation is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports. The fund of fund investment managers consider the reasonableness of these valuations in the light of other available knowledge and corroborative evidence. Other unquoted securities including investments in hedge funds are included at the Trustees' estimate of fair value, which is the latest valuations provided by the fund managers.
- Unitised pooled investment vehicles are valued at the closing bid price, if both bid and offer prices are published, or, if single priced, at the single closing price provided by the investment managers.
- Properties are valued quarterly by Colliers International Group Inc (an independent firm of chartered surveyors) on an open market basis as defined by the Royal Institute of Chartered Surveyors. The valuation reported is as at 31 March each year. Colliers have recent experience in the locations and types of properties held by the Fund. There is no provision for property depreciation or amortisation as this is already factored into the valuation.
- Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Derivative contracts' changes in fair value are included in the change in market value. The fair value, being the unrealised profit or loss on the contracts, is shown as a separate line within the investment assets and liabilities note.
- Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Outstanding amounts relating to the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker are included in "Amounts due to or from brokers" within 'cash and other investment assets/liabilities'. The amounts included in the change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.
- Forward foreign exchange contracts are valued at fair value on the basis of an equal and opposite contract being purchased at the year-end date.
- The fair value of the swap contracts is calculated using discounted cashflow pricing models based on the current value of future expected net cashflows arising over the remaining contract period, taking into account the time value of money. Interest builds up in line with the terms of the contract. The amounts included in the change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts. Net receipts and payments on swap contracts are reported net within investment income.
- AVC and DC investment assets are valued at the single price valuation as advised by the relevant investment manager. With-profit AVC funds include the estimated terminal bonus where this is provided.
- Transaction costs are included in the cost of investments purchased or deducted from the proceeds of investments sold. Where a part of these costs is subsequently recovered, the proceeds are included in the change in market value of investments.
- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sale of investments during the year.
- The Fund continues to recognise assets delivered out under repurchase contracts and stock-lending arrangements to reflect its ongoing interest in those securities. Cash received from repurchase contracts is recognised as an

investment asset, and an investment liability is recognised for the value of the repurchase obligation. Collateral received in respect of stock-lending arrangements is disclosed but not recognised as a Fund asset.

- Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements. Securities received in exchange are disclosed as collateral supporting this receivable but not included as Fund assets.

j) Key accounting estimates and assumptions

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Fund, the Trustees believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Fund investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (i).

4. Contributions receivable

		2023			2022	
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Employers:						
Normal	42.0	23.1	**65.1**	64.7	18.6	83.3
Additional contributions – PPF Levy	0.4	-	**0.4**	1.6	-	1.6
	42.4	23.1	**65.5**	66.3	18.6	84.9
Members:						
Normal	-	-	**-**	0.1	-	0.1
Additional voluntary contributions	-	2.9	**2.9**	-	2.4	2.4
	42.4	26.0	**68.4**	66.4	21.0	87.4

The majority of employees participate in the Fund through a salary sacrifice arrangement. The employer pays contributions for such employees equivalent to the employee contribution that would otherwise have been paid. Such contributions (£16.8m) are included in the normal employers' contributions figure above.

No deficit contributions were due under the Schedule of Contributions and therefore none were received in the current or prior year.

From 1 June 2023 to 30 June 2026 the Employers will pay normal contributions of £1,250,000 per month. There is an offset arrangement in place that also means that April and May 2023 will be at the same monthly rate as future contributions will be withheld to cover the difference between what was paid and £1.25m for these months.

5. Transfers in

		2023			2022	
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Individual transfers in from other schemes	-	0.8	**0.8**	-	1.7	1.7

6. Benefits paid or payable

	2023			2022		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Pensions	312.1	-	**312.1**	303.8	-	303.8
Purchase of annuities	-	0.1	**0.1**	-	0.1	0.1
Lump sum retirement benefits	41.3	0.3	**41.6**	36.3	0.5	36.8
Lump sum death benefits	1.4	-	**1.4**	2.5	-	2.5
Taxation where lifetime or annual allowance exceeded	0.8	-	**0.8**	0.2	-	0.2
	355.6	0.4	**356.0**	342.8	0.6	343.4

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund settling their tax liability.

7. Payments to and on account of leavers

	2023			2022		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Individual transfers to other schemes	33.9	4.4	**38.3**	47.5	3.5	51.0

8. Administration expenses

	2023			2022		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Administration expenses	7.9	-	**7.9**	9.6	-	9.6
Legal and other professional fees	3.1	-	**3.1**	2.8	-	2.8
Actuarial fees	3.4	-	**3.4**	1.1	-	1.1
Audit fees	0.1	-	**0.1**	0.2	-	0.2
Trustee Fees	0.2	-	**0.2**	0.2	-	0.2
PPF Levy	0.7	-	**0.7**	1.6	-	1.6
Other expenses	0.1	-	**0.1**	0.3	-	0.3
	15.5	-	**15.5**	15.8	-	15.8

The Fund bears all administration costs with the exception of DC charges borne by the member's account. Further details on these costs are provided in the DC annual statement.

Audit fees are £121,544 in the year ended 31 March 2023. This is made up of the 2023 fee of £118,150 plus £3,394 in respect of 2022 expenses. In the year ended 31 March 2022 audit fees were £151,144 and this included a duplicated accrual of £28,250. Without this accrual the charge for 2022 was £122,894. Comparatives have not been restated to show the corrected 2022 amounts between audit fees and administration expenses.

9. Investment income

	2023			2022		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Income from bonds	82.3	-	**82.3**	66.9	-	66.9
Dividends from equity shares	-	-	**-**	0.5	-	0.5
Income from pooled investments	79.0	-	**79.0**	103.6	-	103.6
Interest on short term deposits	0.2	-	**0.2**	-	-	-
Net rents from properties	30.4	-	**30.4**	22.6	-	22.6
Income from swaps	-	-	**-**	27.3	-	27.3
Interest on repurchase agreements – net	(13.3)	-	**(13.3)**	(5.5)	-	(5.5)
Other income	0.1	-	**0.1**	-	-	-
	178.7	-	**178.7**	215.4	-	215.4

10. Investment expenses

	2023			2022		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Investment management & custody	6.5	-	**6.5**	6.5	-	6.5
Investment consultancy	1.9	-	**1.9**	2.4	-	2.4
	8.4	-	**8.4**	8.9	-	8.9

11. Reconciliation of investments

Defined Benefit section

	Opening market value	Purchases at cost and Derivative Payments	Proceeds of sales and Derivative Receipts	Change in market value	**Closing market value**
	£ m	£ m	£ m	£ m	**£ m**
Equities	0.2	-	(0.2)	0.2	**0.2**
Bonds	7,413.8	1,255.7	(1,017.8)	(2,345.4)	**5,306.3**
Property	674.1	19.0	(0.1)	(131.1)	**561.9**
Pooled investment vehicles	4,874.7	3,465.8	(5,426.9)	(118.2)	**2,795.4**
Derivatives	(59.1)	526.7	(259.5)	(457.2)	**(249.1)**
	12,903.7	5,267.2	(6,704.5)	(3,051.7)	**8,414.7**
Cash	11.9			1.9	**5.7**
Other investment assets	402.0				**385.6**
Other investment liabilities	(2,371.7)				**(1,095.7)**
	10,945.9			(3,049.8)	**7,710.3**

Property is valued in accordance with the accounting policy. An independent valuation took place as at 31 March 2023. All property leases are subject to rent review within five years.

11. Reconciliation of investments (continued)

Defined Contribution section	Opening market value £ m	Purchases at cost and Derivative Payments £ m	Proceeds of sales and Derivative Receipts £ m	Change in market value £ m	**Closing market value £ m**
Pooled investment vehicles	228.3	39.5	(30.5)	(13.9)	**223.4**
AVC investments	6.9	-	(0.9)	-	**6.0**
	235.2	39.5	(31.4)	(13.9)	**229.4**

Transaction costs are included in costs of purchases and deducted from sale proceeds. Direct transaction costs include fees (including anti-dilution charges), commissions, and stamp duty. Transaction costs analysed by main asset class and type of cost are as follows:

	Fees £ m	Commission £ m	Stamp duty £ m	**2023 Total Defined Benefit £ m**	2022 Total Defined Benefit £ m
Equities	-	-	-	**-**	0.1
Pooled investments	1.3	-	-	**1.3**	3.3
Fixed income	0.7	-	-	**0.7**	0.1
Property	-	-	-	**-**	3.7
	2.0	-	-	**2.0**	7.2
2022	3.4	0.1	3.7		7.2

In addition to these costs, indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. These indirect costs for both the Defined Benefit and Defined Contribution sections are not separately provided to the Fund and therefore are not separately disclosed here.

Concentration of investment
The table shows the number of holdings that each represented more than 5% of the Fund's total assets:

	2023 £ m	**2023 %**	2022 £ m	2022 %
Univest Diversified Income Fund	**513.5**	**6.5**	630.3	5.8
Univest FCP Global Credit Bonds	**484.5**	**6.1**	590.8	5.4
Univest FCP Global Sustainable World Fund	**111.2**	**1.4**	609.5	5.6
Univest FCP Sustainable Edge Fund	**115.0**	**1.4**	576.6	5.3

11. Reconciliation of investments (continued)

Defined Contribution section
For the DC section, investments purchased by the Fund are allocated to provide benefits to the individuals on whose behalf the contributions were paid. AVCs paid by members to Fidelity are included with the members' Investing plan accounts and are not separately identifiable and do not form a common pool of assets generally available.

DC assets are allocated between members and the Trustees as follows:

	2023	2022
	£ m	£ m
Members	**229.3**	228.2
Trustees	**0.1**	0.1
	229.4	228.3

Under the rules of the Fund, assets unallocated to members can be transferred freely to the DB section. During the year £nil (2022: £nil) was transferred from the Trustees' surplus account to the DB section.

AVC investments
The Fund continues to provide the facility for some members who were paying AVCs on 30 June 2012 to continue paying AVCs to the particular provider of those AVC funds as at that date. These AVCs are separately invested for the benefit of individual members. Members are advised individually about the value of their DC investments by the AVC provider. Other members are able to purchase additional money purchase benefits through the Investing plan.

Sole investor pooled arrangements
The Fund is the sole investor in Cardinal Investment Holdings L.P. Inc. The assets underlying this pooled investment vehicle at the year-end compromised:

	2023	2022
	£ m	£ m
Private equity	**216.7**	157.8
Cash	**14.8**	5.8
Debtors	**0.3**	2.1
Creditors	**(0.1)**	(0.2)
	231.7	165.5

12. Pooled investment vehicles

The Fund's investment in pooled investment vehicles at the year-end comprised:

Defined Benefit section	**2023**	2022
	£ m	£ m
Equities	**253.1**	1,300.7
Bonds	**1,144.3**	1,838.4
Private debt	**351.9**	578.6
Hedge funds	**130.8**	350.1
Private equity	**524.0**	298.5
Property	**167.6**	219.3
Liquidity funds	**223.7**	289.1
	2,795.4	4,874.7

Defined Contribution section	**2023**	2022
	£ m	£ m
Equities	**13.2**	13.0
Bonds	**0.7**	0.9
Cash	**8.0**	8.7
Balanced funds	**201.5**	205.7
	223.4	228.3

13. Derivatives

The Trustees have authorised the use of derivatives contracts by their investment managers to achieve:

- the management of currency exposure through foreign exchange forward contracts; and
- asset/liability management through its LDI mandate with BlackRock Advisors where interest, inflation and credit risk are managed primarily through swaps contracts.

At the year end the Fund had the following derivatives:

	2023		2022	
	Assets	**Liabilities**	Assets	Liabilities
	£ m	**£ m**	£ m	£ m
Swaps	**56.7**	**(323.8)**	171.4	(178.9)
Forward foreign currency contracts	**19.6**	**(1.6)**	0.8	(52.4)
	76.3	**(325.4)**	172.2	(231.3)
Net derivatives (liability) / asset		**(249.1)**		(59.1)

Derivatives held at 31 March are "over-the-counter" (OTC not traded on a formal exchange but agreed between the counterparties). Swaps are now cleared on an exchange to reduce counterparty risk. At 31 March 2023 £nil (2022: £106.7m) of swaps were over the counter and negative £267.1m were exchange cleared (2022: negative £114.2m). Further details on the derivatives held at the year end, aggregated by key characteristics, are set out on the next page.

At the year end, in respect of OTC non-cleared derivatives, the Fund held £16.3m collateral in the form of cash (2022: held no collateral). In addition, £132.4m of government bonds has been pledged by the Fund as the initial margin collateral for the exchange cleared swaps.

13. Derivative contracts (continued)

Swaps

	2023 Notional principal £ m	**2023** Assets £ m	**2023** Liabilities £ m	2022 Notional principal £ m	2022 Assets £ m	2022 Liabilities £ m
Interest rate swaps	2,131.4	**20.0**	**(319.6)**	3,360.3	21.8	(135.9)
Inflation rate swaps	398.0	**36.7**	**(4.2)**	1,351.6	149.0	(8.1)
Total return swaps	-	**-**	**-**	601.4	0.6	(34.9)
	2,529.4	**56.7**	**(323.8)**	5,313.3	171.4	(178.9)

Expiration	**2023** Notional principal £ m	**2023** Assets £ m	**2023** Liabilities £ m	2022 Notional principal £ m	2022 Assets £ m	2022 Liabilities £ m
0 – 10 years	1,951.0	**34.8**	**(193.4)**	4,565.5	145.8	(130.7)
11 – 20 years	358.4	**2.5**	**(80.8)**	501.9	24.8	(24.6)
21 – 30 years	104.3	**19.4**	**(8.4)**	122.6	0.8	(10.9)
31 – 40 years	115.7	**-**	**(41.2)**	120.7	-	(8.4)
41 – 50 years	-	**-**	**-**	2.6	-	(4.3)
	2,529.4	**56.7**	**(323.8)**	5,313.3	171.4	(178.9)

Forward foreign currency contracts

Settlement date	Currency bought	Currency bought £ m	Currency sold	Currency sold £ m	**2023** Assets £ m	**2023** Liabilities £ m
1 to 3 months	EUR	26.6	GBP	(26.9)	**-**	**(0.3)**
1 to 3 months	GBP	645.6	EUR	(638.1)	**7.5**	**-**
1 to 3 months	GBP	756.1	USD	(744.0)	**12.1**	**-**
1 to 3 months	USD	50.5	GBP	(51.9)	**-**	**(1.3)**
					19.6	**(1.6)**

Forward foreign currency contracts

Settlement date	Currency bought	Currency bought £ m	Currency sold	Currency sold £ m	2022 Assets £ m	2022 Liabilities £ m
1 to 3 months	GBP	1443.1	USD	(1,487.3)	0.4	(44.6)
1 to 3 months	GBP	807.5	EUR	(815.3)	-	(7.8)
1 to 3 months	EUR	22.4	GBP	(22.2)	0.3	-
1 to 3 months	USD	71.3	GBP	(71.1)	0.1	-
					0.8	(52.4)

14. Cash and other investment assets/liabilities

Cash	**2023**	2022
	£ m	£ m
Cash deposits*	**5.7**	11.9

Other investment assets	**2023**	2022
	£ m	£ m
Amounts due from brokers	**375.9**	288.8
Reverse repurchase agreements**	**-**	92.4
Accrued income	**9.7**	19.2
Cash -in-transit	**-**	1.6
	385.6	402.0

Other investment liabilities	**2023**	2022
	£ m	£ m
Cash collateral due	**-**	(17.5)
Amounts due to brokers	**(47.2)**	(41.4)
Repurchase agreements**	**(1,041.5)**	(2,306.5)
Deferred income	**(7.0)**	(6.3)
	(1,095.7)	(2,371.7)

*Cash deposits consist of cash on overnight deposit.

**The Fund invests in repurchase arrangements and reverse repurchase agreements as part of the LDI portfolio. The reverse repurchase agreement asset reflects cash delivered to receive securities for re-selling at a future date. The securities received are not recognised in the financial statements as the Fund does not enjoy their economic benefits. The repurchase agreement liability reflects the cost to repurchase assets sold under a sale and repurchase agreement. As the Fund does retain the economic benefits of the underlying assets, they are recognised within bonds in note 11. These assets and the collateral pledged and held are shown in the table below:

	Amounts due at 2023 £ m	**Value of bonds at 2023 £ m**	**Collateral assets pledged at 2023 £ m**	**Collateral assets held at 2023 £ m**
Asset type:				
Bonds	**1,041.5**	**867.1**	**185.3**	**-**

	Amounts due at 2022 £ m	Underlying asset value at 2022 £ m	Collateral assets pledged at 2022 £ m	Collateral assets held at 2022 £ m
Asset type:				
Bonds	2,306.5	2,309.4	116.9	0.7

15. Stock lending

The Fund participates in a stock lending program managed by the Custodian, The Northern Trust Company. The value of securities on loan at 31 March 2023 was £20.6m, consisting entirely of fixed income securities (31 March 2022: £20.2m, entirely of fixed income securities) in exchange for which the Custodian held collateral worth £21.5m, consisting of cash of £10.6m and government bonds of £10.9m (31 March 2022: £21.3m consisting of cash of £13.7m and government bonds of £7.6m).

16. Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1	Based on an unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
Level 2	Based on inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable)

The Fund's investment assets and liabilities have been categorised using the above levels as follows:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	£ m	**£ m**	**£ m**	**£ m**
Defined Benefit section				
Equities	**-**	**0.2**	**-**	**0.2**
Bonds	**-**	**5,306.3**	**-**	**5,306.3**
Property	**-**	**-**	**561.9**	**561.9**
Pooled investment vehicles	**-**	**1,788.7**	**1,006.7**	**2,795.4**
Derivative contracts	**-**	**(249.1)**		**(249.1)**
Cash	**5.7**	**-**	**-**	**5.7**
Repurchase and reverse repurchase agreements	**-**	**(1,041.5)**	**-**	**(1,041.5)**
Other investment balances	**331.4**	**-**	**-**	**331.4**
	337.1	**5,804.6**	**1,568.6**	**7,710.3**
Defined Contribution section				
Pooled investment vehicles	**-**	**223.4**	**-**	**223.4**
AVC investments	**-**	**6.0**	**-**	**6.0**
	337.1	**6,034.0**	**1,568.6**	**7,939.7**

	2022			
	Level 1	Level 2	Level 3	Total
	£ m	£ m	£ m	£ m
Defined Benefit section				
Equities	-	0.2	-	0.2
Bonds	-	7,413.2	0.6	7,413.8
Property	-	-	674.1	674.1
Pooled investment vehicles	-	3,647.5	1,227.2	4,874.7
Derivative contracts	(51.6)	(7.5)	-	(59.1)
Cash	11.9	-	-	11.9
Repurchase and reverse repurchase agreements	-	(2,214.1)	-	(2,214.1)
Other investment balances	-	244.4	-	244.4
	(39.7)	9,083.7	1,901.9	10,945.9
Defined Contribution section				
Pooled investment vehicles	-	228.3	-	228.3
AVC investments	-	6.9	-	6.9
	(39.7)	9,318.9	1,901.9	11,181.1

17. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk: this comprises currency risk, interest rate risk and other price risk:
  - Currency risk: this is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates.
  - Interest rate risk: this is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of the changes in the market interest rates.
  - Other price risk: this is the risk that fair value of future cashflows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issue, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking appropriate advice from their professional investment adviser. The Fund has exposure to these risks due to the nature of the investments as part of its diversified investment strategy. The Trustees manage investment risks, including credit risk and market risk, within agreed limits that are set taking into account the Fund's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers. The Trustees monitor this through regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. Unless stated otherwise, policies and objectives remain broadly unchanged since the prior year. In the following table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/ not at all.

Asset class		**Credit risk**	**Market Risk**			**2023**	2022
			Interest rate risk	**Currency risk**	**Other risk**	**£m**	£m
Defined Benefit section							
Equity		○	○	◐	●	**0.2**	0.2
Bonds		●	●	○	◐	**5,306.3**	7,413.8
Property		◐	○	○	●	**561.9**	674.1
Pooled investment vehicles	**(Direct)**	●	●	◐	●	**2,795.4**	4,874.7
	(Indirect)	◐	◐	◐	◐		
Derivatives		◐	◐	◐	◐	**(249.1)**	(59.1)
Cash and other investment assets and liabilities		●	◐	◐	◐	**(704.4)**	(1,957.8)
DB total						**7,710.3**	10,945.9
Defined Contribution section							
Pooled investment vehicles	**(Direct)**	●	●	◐	●	**223.4**	228.3
	(Indirect)	◐	◐	◐	◐		
AVC investments		◐	◐	◐	◐	**6.0**	6.9
DC total						**229.4**	235.2

17. Investment risk disclosures (continued)

Defined Benefit section

(i) Investment strategy

The main investment objective of the Trustees is to ensure that sufficient assets are available to pay out members' benefits as and when they fall due. The Trustees invest the assets to achieve a balance between:

- the desire to achieve sufficient investment returns to be able to meet the benefits; and
- the need to match the Fund's liabilities in light of the need to minimise the risk of an unacceptably high contribution rate (or low funding level) resulting from too aggressive an investment strategy.

Further, the Trustees wish to maintain the investments of the Fund at sufficiently marketable levels so that the Fund can realise the investments, if necessary, to make the benefit payments.

The strategic allocation of the assets, between the major asset classes, is viewed by the Trustees as the most important means of controlling the balance between risk and expected return on the Fund's assets. Assets are invested in a way appropriate to the nature and duration of the liabilities and to ensure appropriate diversification between asset classes. The Trustees seek independent professional investment advice in relation to the allocation of the Fund's assets.

The Trustees manage the investment risks within agreed risk limits which are set taking into account the Fund's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustees by regular reviews of the investment portfolios. The IFC and Trustees regularly review the strategy and receive quarterly reports from the Chief Investment Officer and their investment consultants. The investment objectives and risk limits are further detailed in the Statement of Investment Principles.

The Fund is the sole investor in Cardinal Investment Holdings L.P. Inc, whose investments in Underlying Funds expose it to various types of risk that are associated with the investment strategies of these Underlying Funds as well as the investments and financial instruments in which they invest.

(ii) Credit risk

The Fund is subject to credit risk because the Fund directly invests in bonds, private debt, property, over-the-counter ('OTC') non exchange cleared derivatives, has cash balances, undertakes stock lending activities and enters into "sale and repurchase" agreements. The Fund also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Fund is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Credit risk from these investments is mitigated by the majority of bonds being investment grade rated. Standard market practice considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch or rated at Baa3 or higher by Moody's.

Credit risk arising on non-investment grade bonds held directly or indirectly through pooled funds (e.g. in High Yield Debt) is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer.

Credit risk arising on derivatives depends on whether the derivative is exchange cleared or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The credit risk for OTC derivatives is reduced by collateral arrangements.

Credit risk also arises on forward foreign currency contracts. There are some collateral arrangements for these contracts, but all counterparties are required to be at least investment grade. Cash is held within financial institutions which are at least investment grade credit rated.

The Trustees manage the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. Credit risk on repurchase agreements is mitigated through collateral arrangements.

17. Investment risk disclosures (continued)

Direct credit risk arising from investing in pooled investment vehicles is mitigated by:

- the underlying assets of the pooled arrangements being ring-fenced from the pooled manager in some structures,
- the regulatory environments in which the pooled managers operate, and
- diversification of investments amongst a number of pooled arrangements.

The types of pooled investment vehicles used by the Fund are UCITS (59.4%), Limited partnerships (17.4%), SICAV (8.9%), sole investor limited partnership (8.3%), and authorised unit trust (6.0%).

The Fund's sole investor fund, Cardinal Investment Holdings L.P. Inc, has as its primary credit risk the cash balance at a US Bank. The US Bank's credit rating as issued by Moody's and Standard & Poor's rating agencies is investment grade as of 31 March 2023.

Analysis of direct credit risk

	Investment grade £ m	Non-investment grade £ m	Unrated £ m	Total £ m
Bonds				
Corporate bonds	228.4		2.6	231.0
Government bonds	1,818.9	-	-	1,818.9
Index Linked Government bonds	3,256.4	-	-	3,256.4
Pooled investment vehicles	130.3	-	2,571.8	2,702.1
Derivatives	-		18.0	18.0
Cash, investment asset and investment liabilities	(783.1)	-	**-**	(783.1)
Total	**4,650.9**	**-**	**2,592.4**	**7,243.3**

(iii) Currency risk

The Fund is subject to currency risk because some of the Fund's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). For hedged currencies the Trustees have a benchmark to limit overseas currency exposure by hedging back to sterling - the level of hedging depends on the asset class, but in general 40% of the risk is hedged for growth assets and 100% for bond assets. This is achieved through a currency hedging policy utilising forward foreign currency contracts. The currency policy focusses on hedging of EUR and USD.

The Fund's sole investment in Cardinal Investment Holdings L.P. Inc holds financial instruments denominated in currencies other than the functional currency (the Pound Sterling). It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates. The Partnership acknowledges and accepts the currency risk associated with investments which are, or whose price is, denominated in a currency other than Pound Sterling.

(iv) **Interest rate and inflation risk**

The Fund is subject to interest rate and inflation risk due to the way pension liabilities are calculated and because some of the Fund's investments are held in assets that are exposed to changes in either (as segregated investments or through pooled vehicles). The Trustees have agreed an LDI investment strategy which targets a 100% interest and inflation rate hedge. Under this strategy, if interest rates fall or inflation rates rise, the value of LDI investments will rise to help match a proportion of the increase in actuarial liabilities. Similarly, if interest rates rise or if inflation falls, the LDI investments will fall in value, as will the actuarial liabilities.

For the Fund's sole investment in Cardinal Investment Holdings L.P. Inc, the majority of the Partnership's assets and liabilities are non-interest bearing. As a result, the Partnership is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of interest risks.

(v) Other price risk

Other price risk arises principally in relation to all the Fund's investment categories. The Fund manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

17. Investment risk disclosures (continued)

Defined Contribution section – the Investing plan and Retirement Savings plan

(vi) Strategy

The risks disclosed here relate to the Investing and Retirement Savings plan investments. Members are able to choose their own investments from the range of funds offered by the Trustees and therefore may not be able to exactly customise investments depending on their personal circumstances.

The Trustees' objective is to ensure that the plan is effectively governed and administered, with suitable investment and retirement options, and a communication and education programme that helps members make informed decisions that are appropriate for their circumstances. A range of options has been designed to offer members investment choices with different levels of investment risk and prospective return. There are automatic switching strategies under which the investments representing the member's account are reshaped as the expected retirement date approaches. There is a default option for members who decide not to take active investment decisions or view the default as suitable for their circumstances. The options are unit-linked, pooled funds offered by the Trustees' selected investment provider. This is currently Fidelity Investments Life Insurance Limited ('Fidelity'). Fidelity is the record keeper and fund platform provider. The options are offered as a life policy, specifically for the purposes of Unilever UK Pension Fund. Further information on the funds available is provided in the Investment Report.

(vii) Credit, market risk and other risks

The Trustees recognise that members of the DC section have differing investment needs and objectives, and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk and believe that members should be encouraged to make their own investment decisions based on their individual circumstances.

However, the Trustees also recognise that members may not view themselves as qualified to make choices about investment options and therefore the Trustees provide a default investment option.

The default option aims to deliver a good level of real return over members' working lifetimes, whilst mitigating risk through diversification. During the growth phase, contributions are directed to a fund that is invested in equities and other diversifying assets and, is expected to provide growth with some downside protection and some protection against inflation erosion. It also encompasses a switch into asset classes, in the years prior to the member's target retirement age, designed to be appropriate for a member intending to take their entire savings as cash at retirement. This does not mean that members have to take their benefits as cash at retirement; it merely determines the auto-switch lifestyle strategy that will be in place pre-retirement unless the member selects a different option. Members who intend to take their retirement benefits in other ways, including annuity purchase or income drawdown, have the option of adopting an alternative auto-switch lifestyle strategy prior to retirement or choosing their own investment strategy.

The DC section is subject to credit risk in relation to Fidelity through its holding in unit linked funds. Fidelity registers all assets in its name. Where Fidelity invests in Collective Investment schemes such as unit trusts it owns the units in those funds but where it invests in life insurance funds it does so via a reinsurance contract and so owns the reinsurance policy issued by the relevant life insurer. The underlying funds are managed by Blackrock, Investec, Putnam, L&G and JP Morgan. Under these arrangements it is the Trustees and ultimately the members with retirement account balances that take on the manager credit risk as well as the underlying market risk of the underlying asset classes that comprise the DC options.

Some of the DC options are subject to foreign exchange risk and other price risk arising from the underlying financial instruments held in the funds managed by Fidelity. The members are offered a number of options where they are exposed to currency risk:

Fund	Investment	Foreign exchange risk
Emerging Market Equity	Securities listed in or related to emerging market countries	All non-Sterling assets
Global Equity	Globally diversified equity markets (i.e. UK, US, Europe, Japan, Asia and emerging markets)	70% non-Sterling assets. However at least 80% of the currency risk of these assets is hedged back to Sterling using derivatives
Moderate Growth	Multi-asset fund invested in a range of asset classes including equities, government and corporate bonds and property	At least 60% Sterling denominated assets

Cautious Growth	Multi-asset fund invested in a range of asset classes including equities (lower allocation compared to Moderate Growth), government and corporate bonds (higher allocation compared to Moderate Growth) and property	At least 60% Sterling denominated assets
Real Return	Multi-asset fund invested in equities, bonds and property aiming to provide some degree of protection against changes in Consumer Price Inflation	At least 50% Sterling denominated assets
Bond	UK Corporate Bonds and Gilts	All Sterling assets
Cash	Cash and short dated bonds	All Sterling assets

Government and corporate bonds are subject to interest rate risk (i.e. if interest rates rise, then the value of the bonds will fall and vice versa). If a member chooses to purchase an annuity, changes in interest rates will affect the cost, in which case the option offered to mitigate this risk is the bond fund which can act as a proxy to UK annuity price movements. The Bond and Cash Funds are expected to be more susceptible to price inflation risk compared to the other funds over the long term.

Some members also have legacy AVC arrangements which are reported as part of the DC section.

18. Employer related investments

On 31 March 2023 the Fund held:

In terms of the indirect investment through the Univest pooled vehicle, the Fund had an interest in:

- 26,502 shares in Unilever PLC with a market value of £1,110k (2022: nil).
- 62,617 shares in Unilever Indonesia with a market value of £15k (2022: nil).

In terms of the indirect investment via Fidelity in the DC section:

- 2,476 shares in Unilever PLC with a market value of £104k (2022 nil).
- 2,289 shares in Unilever Hindustan with a market value of £58k (2022 nil).
- 19,592 shares in Unilever Indonesia with a market value of £5k (2022 nil).

These investments represent less than 1% of the equity portfolio. This is comfortably within the maximum 5% of the current market value of the total assets of the Fund specified in the Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378). Shares in Unilever are purchased at the discretion of the fund managers with no direction from the Trustees or the Company, apart from a requirement to limit any investment to a maximum of 5% of the manager's total investments.

19. Current assets

	2023			2022		
	Defined Benefit £ m	Defined Contribution £ m	**Total £ m**	Defined Benefit £ m	Defined Contribution £ m	Total £ m
Property related debtors	12.1	0.3	**12.4**	18.5	0.4	18.9
Cash	14.7	0.3	**15.0**	11.3	0.3	11.6
	26.8	0.6	**27.4**	29.8	0.7	30.5

20. Current liabilities

	2023			2022		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ m	£ m	**£ m**	£ m	£ m	£ m
Deferred income	0.1	-	**0.1**	0.1	-	0.1
Benefits payable	2.0	-	**2.0**	4.2	-	4.2
Accrued admin & investment expenses	2.7	-	**2.7**	5.2	-	5.2
Amounts due to HMRC	4.5	-	**4.5**	6.2	-	6.2
Property creditors	9.1	-	**9.1**	13.2	-	13.2
	18.4	-	**18.4**	28.9	-	28.9

Deferred income consists of contributions received in advance. An agreement is in place with the Company that allows the Company to direct how these amounts should be used.

21. Commitments

At the end of the year, the Fund had capital commitments relating to private equity investments of £353.7m (2022: £430.8m) and private debt of £150.5m (2022: £147.8m).

22. Contingent assets

There were no contingent assets at 31 March 2023 or 31 March 2022.

23. Contingent liabilities

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's Defined Benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to inequalities arising from Guaranteed Minimum Pension (GMP) benefits built up from 17 May 1990 to 5 April 1997. The principle of equalisation was confirmed in a second judgement made by the High Court on 20 November 2020 in respect to cash equivalent transfer values. The issues determined by the judgements arise in relation to many other Defined Benefit pension schemes. The Trustees are aware that the issue will affect the Fund and have decided their preferred approach to ensure that Fund benefits follow one of the approaches set out in the Lloyds Banking Group judgements. This includes potentially backdating benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts; subject to any limitation clauses that may apply and/or materiality. They will be accounted for in the year that a reliable estimate is determined.

24. Related party transactions

Key management personnel
During the year, the Independent Chairs were paid in aggregate £89,000 pa and trustees not employed by a participating Employer received an honorarium of £12,000, or £20,000 if they also chaired a committee. Total fees paid in the year ended 31 March 2023 were £164,000 (2022: £156,000). Trustee expenses reimbursed totalled £3,000 (2022: £1,000). Additional fees were paid to non-trustee independent expert committee members totalling £75,000 (2022: £90,000). A new Independent Chair was appointed during the year at an annual Honorarium rate of £90,000 pa.

Trustees who are also members of the Fund, as a result of current or past employment, contribute to, have normal entitlements in or receive normal benefits from the Fund in accordance with Fund rules depending on their category of membership, whether active, deferred or pensioner.

Employer and other related parties
Administration costs include amounts paid to Unilever UK Central Resources Limited in respect of the services provided by Unilever UK Pensions and the Univest Company.

During the year, the Fund paid £0.9 million (2022: £0.7 million) to other Unilever pension funds to reimburse them for benefit payments made on its behalf. There was an amount of £0.2 million (2022: £0.2 million) due to the Company or other Unilever Pension Funds at the year-end as reimbursement for members living overseas whose Fund pensions were initially paid by other Unilever group pension funds. The Fund also recharged £19.6 million (2022: £19.2m) to other Unilever pension schemes and entities for pensions paid through the Fund's payroll on their behalf but where the liability did not rest with the Fund.

There are no direct fees paid by the Fund for the Univest Pooled Funds, but costs are incurred by these funds and are reflected in the unit pricing. As explained in the Investment Report, the Univest pooled vehicles consist of a range of sub-funds, each with separately investment managers appointed by the Univest Investment Committee. Information on the Fund's holdings in Univest pools is included in note 12.

Information on Employer Related Investments is shown in note 18.

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE UNILEVER UK PENSION FUND

We have examined the summary of contributions to the Unilever UK Pension Fund (the 'Fund') for the Fund year ended 31 March 2023 which is set out on the following page.

In our opinion, contributions for the Fund year ended 31 March 2023 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Fund Actuary on 28 September 2021.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of the Trustees and the auditor

As explained more fully in the Statement of Trustees' responsibilities on page 38, the Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, Schedules of Contributions and for monitoring whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date:

UNILEVER UK PENSION FUND

SUMMARY OF CONTRIBUTIONS PAYABLE FOR THE YEAR ENDED 31 MARCH 2023

During the year, the contributions payable to the Fund were as follows:

	Members			Employer		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	**Total**
	£ m	£ m	**£ m**	£ m	£ m	**£ m**
Required by the Schedule of Contributions						
Normal	-	-	-	42.0	23.1	65.1
Additional contributions – PPF Levy	-	-	-	0.4	-	0.4
Total required by the Schedule of Contributions as reported on by Fund auditor	-	-	-	42.4	23.1	65.5
Other contributions payable						
Additional voluntary contributions	-	2.9	2.9	-	-	-
Total reported in Fund Account	-	2.9	2.9	42.4	23.1	65.5

The above contributions were payable in accordance with the Schedule of Contributions certified by the Fund Actuary on 28 September 2021.

Signed on behalf of the Trustees:

Virginia Holmes
Chair

Andy Rowell
Secretary

Dated: 30 October 2023

UNILEVER UK PENSION FUND
ACTUARIAL CERTIFICATES

SCHEDULE OF CONTRIBUTIONS EFFECTIVE FROM 1 JUNE 2023

1. Introduction

This schedule of contributions has been prepared by Unilever UK Pension Fund Trustees Limited (the "Trustees") to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the advice of John Coulthard, the Scheme Actuary, and after obtaining the agreement of Unilever PLC, the Principal Company. It comes into effect on 1 June 2023 and covers the five-year period from that date. The Trustees are responsible for preparing a revised schedule no later than 30 June 2026.

This schedule replaces the previous schedule applicable to the UUKPF dated 28 September 2021. However any amounts calculated for the period up to and including 31 May 2023 that would have fallen due for payment on or after 1 June 2023 shall be payable under this schedule.

Words and expressions used in this schedule, and highlighted in *italics*, have the same meaning as in the Trust Deed and Rules of the Unilever UK Pension Fund (the UUKPF).

2. Participating Employers

This schedule covers contributions to the UUKPF from all *Employers* who participate in the UUKPF from time to time.

3. Employer Contributions

From 1 June 2023 to 30 June 2026 the *Employers* will, subject to the offset provisions set out below, pay contributions of £1,250,000 per month.

From 1 July 2026 to 31 May 2028, the *Employers* will pay contributions at a rate of 23.6% of *Covered CARE Earnings** together with an annual amount of £2,000,000 for expenses unless the "LTFT funding test" is met, in which case contributions of £1,250,000 per month will continue during this period.

*Note: Employer contributions are not payable if a member is no longer required to make contributions or to participate in the *Unilever Contribution Arrangement* because they (i) have completed 40 or 45 years *Pensionable Service* (whichever applies to the member) or (ii) are a *Pre-97 Contributor* who, on reaching age 60, has elected to cease to pay contributions.

LTFT funding test": the Scheme Actuary will determine whether, in their opinion, the Fund is at least 105% funded on the "low employer dependency" basis at 31 March 2025. If it is, then the test is deemed to be met. In calculating the liabilities on the low employer dependency basis, the Scheme Actuary will use the basis described in the Statement of Funding Principles dated 4 May 2023 as the "low employer dependency basis", with assumptions updated by the Scheme Actuary in line with market conditions, subject to any changes to those assumptions as may be agreed by the Trustees and Principal Company and notified to the Scheme Actuary, for example to reflect latest views on longevity.

The determination of the contributions that would be payable under this schedule as a result of the LTFT funding test will not prejudice the discussions, and eventual agreement, of the assumptions at the actuarial valuation as at 31 March 2025 and any resulting Company contributions. The expectation is that in line with past experience these will be agreed no later than 30 June 2026 based on the information then available.

The split of the contributions above between each *Employer* will be determined by the Principal Company.

Offset provisions
The following amounts will be deducted from the contributions payable by the *Employers* under this schedule:

- Any *Additional CARE Contributions* paid by members or by *Employers* on behalf of members who participate in the *Unilever Contribution Arrangement* since 1 October 2022; and

- The Credit Amount.

The Credit Amount is the amount by which the contributions payable by the *Employers* for CARE accrual (being 18.8% of *Covered CARE Earnings*) pursuant to the Schedule of Contributions dated 28 September 2021 in respect of the period 1 April 2023 – 31 May 2023 exceeds the amount of £2,500,000. The Credit Amount will be calculated by the Scheme Actuary and notified to Unilever PLC and the Trustees.

The deduction for the Credit Amount will be applied so as to reduce the Employer Contributions otherwise payable in the period up to 31 March 2024 (ignoring the offset provisions) in a manner agreed between the Trustees and the Principal Company.

The deduction for any *Additional CARE Contributions* will be applied such that the *Additional CARE Contributions* paid (if any) under this or any previous Schedule Contributions in each 12-month period running from 1 October to 30 September will reduce the Employer Contributions otherwise payable (ignoring the offset provisions) in the 12-month period starting from the following 1 April, with the manner in which the reduction is applied otherwise to be agreed between the Trustees and the Principal Company. For example, the annual amount of any *Additional CARE Contributions* paid in the year to 30 September 2023 will be deducted from the Employer Contributions payable for the year 1 April 2024 to 31 March 2025.

Additional contributions

Additionally, each *Employer* will contribute in respect of its employees to the UUKPF at the rate of:

Active *CARE/DC Contributors*

Item	Contribution	Comment
a.	Any Employee Contributions as set out in paragraphs 6a-d for members who are in *Pensionable UCA Service*;	Employee contributions paid through salary sacrifice
b.	Contributions payable under Part E Rule C1(b)(i) (C);	DC contributions from the benefits envelope
c.	Any contributions payable in respect of members who are in *Pensionable UCA Service* who would otherwise be paying additional voluntary contributions under Part E Rule C2; and	AVCs paid through salary sacrifice
d.	Whatever contributions as the Principal Company so decides in respect of Part E Rule C1(b)(viii)(A).	Additional contributions determined by the Principal Company

Active *DC Contributors*

Item	Contribution	Comment
e.	From 1 June 2023, 0.4% of *Pensionable Pay* in respect of core life cover in accordance with Part B Rule C1(c);	Core life cover cost
f.	Any Employee Contributions as set out in paragraphs 6e-f for members who are in *Pensionable UCA Service*;	Employee contributions paid through salary sacrifice
g.	Contributions payable under Part E Rule C1(b)(i)(A) and (B); and	DC contributions from the benefits envelope
h.	Any contributions payable in respect of members who are in *Pensionable UCA Service* who would otherwise be paying additional voluntary contributions under Part E Rule C2; and.	AVCs paid through salary sacrifice
i.	Whatever contributions as the Principal Company so decides in respect of Part E Rule C1(b)(viii)(A).	Additional contributions determined by the Principal Company

Employees who are not active *CARE/DC Contributors* or active *DC contributors*

Item	Contribution	Comment
j.	From 1 June 2023, 0.4% of *Pensionable Pay* in respect of *Life Cover Members* in accordance with Part B Rule C1(c); and	Core life cover cost
k.	Any Employee Contributions as set out in paragraphs 6g-h for members who are in *Pensionable UCA Service.*	Employee contributions paid through salary sacrifice

The above rates include all expenses of the UUKPF, but exclude the risk and scheme based PPF levies, for which Unilever UK Central Resources Limited, or *such other Employer(s)* as the Principal Company otherwise directs, will make an additional contribution within 30 days of the Trustees requesting such payment once the levy invoice has been agreed each year.

For members seconded overseas who continue in *Pensionable Service* and/or for employees seconded overseas for whom contributions are payable based on *Pensionable Pay,* contributions will be based on their notional home *Pensionable Pay* figure as reported to Unilever UK Pensions Department except for members whose UUKPF benefits are materially offset by benefits earned overseas in which case no or lower contributions are payable in relation to contributions payable under Part D, Rule C1 or Part E, Rule C1. Payment of contributions in respect of certain members seconded overseas may be delayed with the agreement of the Scheme Actuary.

For any weekly paid members, changes in contribution rates will be introduced from the first full week following 1 June 2023.

Each *Employer* will ensure that the Trustees receive contributions within 19 days of the end of the calendar month to which the contributions relate except for members seconded overseas where the contributions are payable quarterly and the deadline is within 19 days of the end of the calendar quarter to which the contributions relate. The date of receipt will be taken as the date on which the contributions become available for the Trustees to use.

4. Payments to Cover Augmentations or Benefits Granted Under Part B Rule C2

The *Employers* will pay additional amounts to cover the costs of benefit augmentations or benefits granted under Part B Rule C2 as advised by the Scheme Actuary. The amounts will be paid in accordance with timescales advised by the Scheme Actuary.

5. Additional risk benefit contributions

Unilever UK Central Resources Limited, or *such other Employer(s)* as the Principal Company otherwise directs, will pay any contributions, if required, in accordance with Part B Rule C3.

6. Employee Contributions

Active *CARE/DC Contributors*

Employees who are active *CARE/DC Contributors* of the UUKPF will (subject to the proviso below) contribute to the UUKPF at the rate of:

Item	Contribution	Comment
a.	5% of *Covered CARE Earnings* for *CARE/DC Contributors*, or such lower rate as the Principal Company shall inform the Trustees under Part D Rule C1(a)(i)(A)(I);	Members' standard CARE contributions
b.	Any *Additional CARE Contribution* required in accordance with Part D Rule C1(a)(i)(A)(II);	Additional contributions if the cost of accrual exceeds the benefits envelope
c.	Any contributions required in accordance with Part I Rule B2(a) for *Contributors* who are not in *Pensionable UCA service; and*	Top-up life cover cost
d.	Any contributions required in accordance with Part J Rule B2(a) for *Contributors* who are not in *Pensionable UCA service.*	Top-up ill-health cover cost

Employee contributions under paragraph 6a-b for members to whom Part D Rule C1(a)(iii) applies (i.e. members who participate in the *Unilever Contribution Arrangement* or who have completed 40 years or 45 years *Pensionable Service* (which ever applies to the member in question)), *Pre-97 Contributors* who, on reaching age 60, have elected to cease to pay contributions and members seconded overseas will be nil.

Active *DC Contributors*

Employees who are active *DC Contributors* of the UUKPF, except those who participate in the *Unilever Contribution Arrangement* and members seconded overseas, will contribute to the UUKPF at the rate of:

Item	Contribution	Comment
e.	Any contributions required in accordance with Part I Rule B2(a) for *Contributors* who are not in *Pensionable UCA service; and*	Top-up life cover cost
f.	Any contributions required in accordance with Part J Rule B1(a) for *Contributors* who are not in *Pensionable UCA service.*	Ill-health cover cost

UNILEVER UK PENSION FUND
SCHEDULES OF CONTRIBUTIONS (CONTINUED)

Employees who are not active *CARE/DC Contributors* or active *DC Contributors* who elect to be either a *Top-up Life Cover Member* or an *Ill-Health Cover Member*

Item	Contribution	Comment
g.	Any contributions required in accordance with Part I Rule B2(a) for *Life Cover Members* who are not in *Pensionable UCA service; and*	Top-up life cover cost
h.	Any contributions required in accordance with Part J Rule B1(a) for *Ill-Health Cover Members* who are not in *Pensionable UCA service.*	Ill-health cover cost

For any weekly paid members, changes in contribution rates will be introduced from the first full week following 1 June 2023.

These amounts do not include members' additional voluntary contributions under Part E Rule C2.

The *Employers* will ensure that the Trustees receive the contributions payable by their employees within 19 days of the end of the calendar month in which the contributions were deducted from the employees' salaries.

Signed on behalf of the *Employers*

Signature: ________________________ Name: Sagar Padhiar

Capacity: Attorney for PLC Date: 4 May 2023

Note: Unilever PLC is acting as the representative of all *Employers* in this matter

Signed on behalf of Unilever UK Pension Fund Trustees Limited

Signature: ________________________ Name: Andy Rowell

Capacity: Head of Trustee Services Date: 4 May 2023

Date of schedule: 4 May 2023

SCHEDULE OF CONTRIBUTIONS EFFECTIVE FROM 1 OCTOBER 2021

1. Introduction

This schedule of contributions has been prepared by Unilever UK Pension Fund Trustees Limited (the 'Trustees') to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the advice of John Coulthard, the Scheme Actuary, and after obtaining the agreement of Unilever PLC, the Principal Company. It comes into effect on 1 October 2021 and covers the five-year period from that date. The Trustees are responsible for preparing a revised schedule no later than 30 June 2023.

This schedule replaces the previous schedule applicable to the UUKPF dated 17 December 2019. However, any amounts calculated for the period up to and including 30 September 2021 that would have fallen due for payment on or after 1 October 2021 shall still be payable under this schedule.

Words and expressions used in this schedule, and highlighted in *italics*, have the same meaning as in the Trust Deed and Rules of the Unilever UK Pension Fund (the UUKPF).

2. Participating Employers

This schedule covers contributions to the UUKPF from all *Employers* who participate in the UUKPF from time to time.

3. Employer Contributions – future accrual of benefits

Each Employer will contribute in respect of its employees to the UUKPF at the rate of:

Active CARE/DC Contributors

Item	Contribution	Comment
a.	With effect from 1 October 2021, 18.8% of *Covered CARE Earnings*;	Company's share of CARE accrual plus core life cover plus administration expenses
	plus any Employee Contributions as set out in paragraphs 6a-d* for members who are in *Pensionable UCA Service*; *Note: For the avoidance of doubt, employer contributions continue to be payable even if an employee is no longer required to make contributions or to participate in the *Unilever Contribution Arrangement* as they have completed 40 or 45 years	Employee contributions paid through salary sacrifice
	Pensionable Service (whichever applies to the member).	
b.	Contributions payable under Part E Rule C1(b)(i) (C);	DC contributions from the benefits envelope
c.	Any contributions payable in respect of members who are in *Pensionable UCA Service* who would otherwise be paying additional voluntary contributions under Part E Rule C2; and	AVCs paid through salary sacrifice
d.	Whatever contributions as the Principal Company so decides in respect of Part E Rule C1(b)(viii)(A).	Additional contributions determined by the Principal Company

Active DC Contributors

Item	Contribution	Comment
e.	From 1 October 2021, 0.4% of *Pensionable Pay* in respect of core life cover in accordance with Part B Rule C1(c);	Core life cover cost
f.	Any Employee Contributions as set out in paragraphs 6e-f for members who are in *Pensionable UCA Service*;	Employee contributions paid through salary sacrifice
g.	Contributions payable under Part E Rule C1(b)(i)(A) and (B); and	DC contributions from the benefits envelope
h.	Any contributions payable in respect of members who are in *Pensionable UCA Service* who would otherwise be paying additional voluntary contributions under Part E Rule C2; and.	AVCs paid through salary sacrifice
i.	Whatever contributions as the Principal Company so decides in respect of Part E Rule C1(b)(viii)(A).	Additional contributions determined by the Principal Company

Employees who are not active *CARE/DC Contributors* or active *DC contributors*

Item	Contribution	Comment
j.	From 1 October 2021, 0.4% of *Pensionable Pay* in respect of *Life Cover Members* in accordance with Part B Rule C1(c); and	Core life cover cost
k.	Any Employee Contributions as set out in paragraphs 6g-h for members who are in *Pensionable UCA Service.*	Employee contributions paid through salary sacrifice

The above rates include all expenses of the UUKPF, but exclude the risk and scheme based PPF levies, for which Unilever UK Central Resources Limited, or *such other Employer(s)* as the Principal Company otherwise directs, will make an additional contribution within 30 days of the Trustees requesting such payment once the levy invoice has been agreed each year.

For members seconded overseas who continue in *Pensionable Service* and/or for employees seconded overseas for whom contributions are payable based on *Pensionable Pay,* contributions will be based on their notional home *Pensionable Pay* figure as reported to Unilever UK Pensions Department except for members whose UUKPF benefits are materially offset by benefits earned overseas in which case no or lower contributions are payable in relation to contributions payable under Part D, Rule C1 or Part E, Rule C1. Payment of contributions in respect of certain members seconded overseas may be delayed with the agreement of the Scheme Actuary.

For weekly paid members, changes in contribution rates will be introduced from the first full week following 1 October 2021.

Each *Employer* will ensure that the Trustees receive contributions within 19 days of the end of the calendar month to which the contributions relate except for members seconded overseas where the contributions are payable quarterly, and the deadline is within 19 days of the end of the calendar quarter to which the contributions relate. The date of receipt will be taken as the date on which the contributions become available for the Trustees to use.

4. Payments to Cover Augmentations or Benefits Granted Under Part B Rule C2

The *Employers* will pay additional amounts to cover the costs of benefit augmentations or benefits granted under Part B Rule C2 as advised by the Scheme Actuary. The amounts will be paid in accordance with timescales advised by the Scheme Actuary.

5. Additional risk benefit contributions

Unilever UK Central Resources Limited, or *such other Employer(s)* as the Principal Company otherwise directs, will pay any contributions, if required, in accordance with Part B Rule C3.

6. Employee Contributions Active *CARE/DC*

Contributors

Employees who are active *CARE/DC Contributors* of the UUKPF will (subject to the proviso below) contribute to the UUKPF at the rate of:

Item	Contribution	Comment
a.	5% of *Covered CARE Earnings* for *CARE/DC Contributors*, or such lower rate as the Principal Company shall inform the Trustees under Part D Rule C1(a)(i)(A)(I):	Members' standard CARE contributions
b.	Any *Additional CARE Contribution* required in accordance with Part D Rule C1(a)(i)(A)(II)	Additional contributions if the cost of accrual exceeds the benefits envelope
c.	Any contributions required in accordance with Part I Rule B2(a) for *Contributors* who are not in *Pensionable UCA service.*	Top-up life cover cost
d.	Any contributions required in accordance with Part J Rule B2(a) for *Contributors* who are not in *Pensionable UCA service.*	Top-up ill-health cover cost

Employee contributions under paragraph 6a-b for members to whom Part D Rule C1(a)(iii) applies (i.e. members who participate in the *Unilever Contribution Arrangement* or who have completed 40 years or 45 years *Pensionable Service* (which ever applies to the member in question)), and members seconded overseas will be nil.

Active *DC Contributors*

Employees who are active *DC Contributors* of the UUKPF, except those who participate in the *Unilever Contribution Arrangement* and members seconded overseas, will contribute to the UUKPF at the rate of:

Item	Contribution	Comment
e.	Any contributions required in accordance with Part I Rule B2(a) for *Contributors* who are not in *Pensionable UCA service:*	Top-up life cover cost
f.	Any contributions required in accordance with Part J Rule B1(a) for *Contributors* who are not in *Pensionable UCA service.*	Ill-health cover cost

UNILEVER UK PENSION FUND
SCHEDULES OF CONTRIBUTIONS (CONTINUED)

Employees who are not active *CARE/DC Contributors* or active *DC Contributors* who elect to be either a *Top-up Life Cover Member* or an *Ill-Health Cover Member*

Item	Contribution	Comment
g.	Any contributions required in accordance with Part I Rule B2(a) for *Life Cover Members* who are not in *Pensionable UCA service:*	Top-up life cover cost
h.	Any contributions required in accordance with Part J Rule B1(a) for *Ill-Health Cover Members* who are not in *Pensionable UCA service.*	Ill-health cover cost

For weekly paid members, changes in contribution rates will be introduced from the first full week following 1 October 2021.

These amounts do not include members' additional voluntary contributions under Part E Rule C2.

The *Employers* will ensure that the Trustees receive the contributions payable by their employees within 19 days of the end of the calendar month in which the contributions were deducted from the employees' salaries.

Signed on behalf of the *Employers*

Signature: ________________________ Name: Sagar Padhiar

Capacity: Attorney for PLC Date: 28 September 2021

Note: Unilever PLC is acting as the representative of all *Employers* in this matter

Signed on behalf of Unilever UK Pension Fund Trustees Limited

Signature: ________________________ Name: Andy Rowell

Capacity: Head of Trustee Services Date: 28 September 2021

UNILEVER UK PENSION FUND
ACTUARIAL CERTIFICATES

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS DATED 5 MAY 2023

Name of scheme: **Unilever UK Pension Fund (UUKPF)**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2022 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 4 May 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the UUKPF's liabilities by the purchase of annuities, if the UUKPF were wound up.

Signature:		Date:	4 May 2023
Name:	John Coulthard	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Verulam Point, Station Way, St Albans, AL1 5HE	Name of employer:	Aon Solutions UK Limited

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS DATED 28 SEPTEMBER 2021

Name of scheme: **Unilever UK Pension Fund (UUKPF)**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2019 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 13 December 2019.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the UUKPF's liabilities by the purchase of annuities, if the UUKPF were wound up.

Signature:		Date:	28 September 2021
Name:	John Coulthard	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Verulam Point, Station Way, St Albans, AL1 5HE	Name of employer:	Aon Solutions UK Limited

UNILEVER UK PENSION FUND
MEMBERSHIP STATISTICS

	2023			2022
	DC only	DB	Total	Total
<u>Active members</u>				
Active members at 1 April	387	5,108	5,495	5,872
Adjustments from opening position[2]	-	-	-	(76)
New members	694	-	694	995
Members leaving service taking a refund of contributions	-	(38)	(38)	(78)
Member leaving service and preserving benefits	(160)	(859)	(1,019)	(978)
Retirements at or before normal retirement age	-	(165)	(165)	(175)
Deaths	(1)	(2)	(3)	(5)
Full commutations	(2)	(12)	(14)	(60)
Data cleanse adjustments	-	(22)	(22)	-
Rejoined	4		4	
Number at 31 March	**922**	**4,010**	**4,932**	**5,495**

	DC only	DB	Total	Total
<u>Deferred pensioners</u>[1]				
Deferred pensioners at 1 April	-	26,924	26,924	27,373
Adjustments from opening position[2]	20	-	20	(300)
New leavers with preserved benefits	160	859	1,019	978
Transfers out	-	(106)	(106)	(118)
Retirements	-	(1,035)	(1,035)	(854)
Deaths	-	(83)	(83)	(45)
Full commutations	-	(153)	(153)	(110)
Rejoined	(4)		(4)	
Data cleanse adjustments	-	(17)	(17)	-
Number at 31 March	**176**	**26,389**	**26,565**	**26,924**

UNILEVER UK PENSION FUND
MEMBERSHIP STATISTICS (continued)

	2023			2022
	DC only	DB	Total	Total
Pensioners[1]				
Pensioners at 1 April	-	37,976	37,976	38,369
Adjustments from opening position[2]	-	-	-	225
New retirements	-	1,200	1,200	1,029
New spouses	-	612	612	523
New dependants	-	25	25	12
New children	-	21	21	15
Deaths	-	(2,082)	(2,082)	(2,040)
Termination of child pensions	-	(20)	(20)	(13)
Full commutations	-	(210)	(210)	(144)
Number at 31 March	**-**	**37,522**	**37,522**	**37,976**

[1] Includes members with Final salary benefits, Career average benefits, or both.
[2] Relates to movements with an effective date before 1 April but processed after the financial statements for last year were finalised.

As at 31 March 2023 there were 7,739 members (2022: 7,366) with DC Investing plan accounts with Fidelity. These are not additional members - they will also have DB membership. In addition at 31 March 2023 there are 81 life assurance only members (2022: 35).