



Unilever



Unilever UK Pension Fund
Report and Accounts
For the year ended 31 March 2011

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

Unilever PLC is the principal employer of the Fund, 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" 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 the 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.

From the Chair of the Trustees

Welcome to the Report and Statement of Accounts for the Unilever UK Pension Fund ("the Fund") for the year ended 31 March 2011.

Once again pension matters and the financial markets were very much in the news throughout the year. This backdrop meant a busy year for me and my fellow Trustee Directors. There has been no slow down since our financial year end in March. Early in April, Unilever and the Fund made its own news with the announcement of the Company's proposed benefit changes. Then more recently over the past few months there has been renewed instability in the financial markets causing once again significant volatility in the valuation of our pension assets.

In my Looking Ahead section below, I make some observations on our challenges ahead and in particular the current status of the proposed benefit changes, but before I do that I would like to give you an overview of the Fund and Trustee board's activities over the year under review.



Liz Airey

Financial matters

I am pleased to report that we finalised our 31 March 2010 triennial actuarial valuation in March 2011. The full results were communicated in our annual funding statement that was issued to all members in August 2011. The valuation disclosed that, as at the valuation date and looking at the Fund on an ongoing basis, we had assets of £5,410 million and liabilities of £6,090 million, and so a funding deficit (or shortfall) of £680 million giving a funding level of 89%. Although slightly worse than the funding level at the time of the 2007 valuation, this is a big improvement on the situation at the height of the recent financial crisis in 2009 when our funding level

fell below 70%. Whilst it is disappointing that we still have a funding deficit, despite deficit contributions of approximately £450 million paid by the Company between the 2007 and 2010 valuations, I am pleased to report that we have agreed a further significant programme of deficit recovery contributions with the Company. These, combined with anticipated investment returns, are designed to remove the deficit by 2018.

Of course, anticipated outcomes are one thing and the reality is another in normal years, let alone in the recent past with the turmoil in financial markets. We are fortunate, therefore, that we have a sponsor in Unilever that provides a strong covenant for the Fund. We do not, however, take that covenant for granted and, ahead of the valuation, our Trustee board fully assessed the strength of the covenant with the benefit of professional advice. We are in the process of formalising information sharing protocols with the Company so that we can continue to assess the Company's covenant on an ongoing basis.

On the asset side, the Fund's investments delivered a return of 9.7% over the year as markets continued to recover from the falls in 2008/9. However, whilst we are of course pleased with such positive absolute returns, it is relative performance against the growth of our liabilities which is the most important measure. In this regard, it is pleasing to report that our assets increased by more than our liabilities over the year, reducing the funding deficit. Building on the prior year's outperformance against its liabilities, the Fund recovered much of the underperformance which occurred in 2008 and 2009. Given the ongoing financial instability since the Fund's year-end we continue to monitor our investment strategy (in conjunction with our investment advisors) to ensure it remains appropriate, but our strategy is long-term and is currently still considered right for our Fund.

We had an active year on the investment front and made some significant progress in the evolution of our investment strategy. This included the establishment of a 'liability driven investment' approach which is designed to match the asset return with changes to the value of our liabilities. At present 10% of the assets are invested in line with this investment approach and we expect this percentage to grow over time. We also restructured our equity and bond portfolios during the year. Further information is provided in the investment report on pages 27 to 34.

Our investment governance and depth of resources have also gone through some significant changes. Firstly, we have strengthened the level of investment expertise by the appointment of Catherine Claydon, an independent investment professional, as a member of our Investment Committee thereby bringing external investment expertise to its deliberations.

We also worked with Unilever and Progress (the Unilever pension fund in the Netherlands) to build a combined internal investment services team. This provides us with a significant depth of expertise and areas of specialism not previously available to us. We continue to have our own Fund Chief Investment Officer though recently we have had a change of personnel. Wendy Mayall, who held this role for some 15 years, left this summer to return to her roots in the consulting industry. She has been succeeded by Mark Walker, formerly an investment consultant with Mercer, whose skills and attributes are well known to the Fund as he advised the Fund on its investments for a number of years in his former role at Mercer. I would like to pay tribute to Wendy's commitment and contribution over the years and wish her well for the future, as well as welcome Mark to his new role.

Governance matters

Our Trustee board continues to evolve and, in my view, get stronger and better equipped to deal with the new challenges that face us including the ever growing regulatory expectations and best practice standards.

Over the year, we reached a position where all our Trustee Directors obtained the Pension Regulators Trustee Toolkit certificate. We have now decided to make holding the certificate mandatory for all Trustee Directors within six months of their appointment.

During the year we agreed the appointment of a deferred member nominated Trustee Director (replacing one of the positions previously taken by an active member). The appointment process concluded recently and I am pleased to welcome Philip Ratcliffe as a Trustee Director to be on board from October 2011. We also ran an election for the two pensioner member nominated Trustee Director positions. I am pleased to confirm the re-appointment of Richard Clark and new appointment of David Bloomfield. I would like to express my thanks to David Jones for his sterling work whilst he was one of our pensioner appointed Trustee Directors.

I would also like to welcome Martin Grieve as a Company appointed Trustee Director replacing Pam Dickson and also thank Pam for her significant contribution to the Board.

Administration matters

The year saw the continued bedding in of our new contractual arrangements with Hewitt, our outsourced administration provider, and Hewitt's change of ownership following their acquisition by Aon. Generally, both went well. We do not take our administration responsibilities lightly as we fully recognise that for our members their main interaction with the Fund is often via Aon Hewitt. We meet with Aon Hewitt at least quarterly and keep a careful eye on their activities on our behalf.

During the year, we also undertook a number of administration tasks including: (1) the commencement of a data tidy exercise in line with the Pension Regulator's best practice guidance, (2) updating our communications and systems following the increase in minimum age from which people can retire, and (3) the take on of a significant number of new members following the Company's acquisition of businesses with UK employees.

Looking ahead

We will be carefully considering the proposals to make changes to the benefits that active members of the Fund would build up in future that the Company will be putting before the Trustee Board. The proposed changes include the ending of accrual of Final salary benefits, and instead offering membership of the Career average and the Investing plan (defined contribution) sections of the Fund for future service. The Company has also proposed a number of changes to the Career average section of the Fund. A consultation process is taking place between the Company and employee representatives which does not involve the Trustee.

The Trustee cannot make decisions on any proposals from the Company until consultation has ended and until Unilever has finalised the proposals which it wishes to make. Unilever has, however, discussed its original proposals with the Trustee Board and these have been considered in some detail, including at several full Board meetings. We are continuing to take detailed advice from our professional advisers, including the Fund lawyers and Scheme Actuary (both of whom are independent of Unilever). Not all of the proposed changes require Trustee consent, but where they do we will be giving careful consideration to all matters that we consider relevant to that decision.

We continue to evolve our investment approach and in particular, our readiness to take measures to reduce the level of risk inherent in our investment strategy. The recent renewed turmoil in the financial markets serves to underscore the importance of our strategy to continue to reduce investment risk. Whilst we do have a strong Company in Unilever standing behind the Fund benefits that have been built up, we are now on a journey to progressively take risk (volatility as measured against the size of our liabilities) out of our investment approach as the funding level improves. This is an increasing area of focus for us.

We continue to look at our own governance and intend, with external guidance, to review our own effectiveness. This we will do at the same time as further cementing and formalising the arrangements with the newly established shared services investment team.

As ever, I would like to thank my fellow Trustee Directors and the UK Pensions team for all their help during the year which makes my job so much easier. Their dedication and support means that I feel we are operating to high standards of pension governance. In turn, I would like to think that all those involved with the Fund are benefitting from our disciplined approach which means we are able to manage the routine as well big changes, such as the proposed benefit changes in an effective and risk controlled manner.

Liz Airey
Chairman of the board of Trustees

7 October 2011

Trustees' Report: a summary

The accounts in brief

	£ million
Fund value at 1 April 2010	5,493.8
Income	
• Contributions paid in by Unilever and Fund members	85.7
• Transfers in from other schemes	0.2
• Income from investments	138.7
Outgoings	
• Benefits payable to members (pensions and lump sums)	(283.6)
• Payments to leavers	(6.7)
• Fees and expenses (advisers, administration, fund managers)	(25.8)
Change in market value of Fund investments	382.7
Fund value at 31 March 2011	5,785.0

The value of the Fund increased over the year, mainly due to strong investment returns. The Fund accounts in full start on page 37.

The funding level

The Scheme 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 these estimates are based on the assumptions used during the previous 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 from the Fund Secretary (see page 16).

A formal valuation assesses how the Fund's assets compare with its funding target (or, to use the official term, 'technical provisions'). The funding target is 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 deficit they show.

Our Fund's last formal valuation date was 31 March 2010 and this valuation was recently completed. It showed the following:

Deficit at 31 March 2010	£680m
Funding level at 31 March 2010	89%

Following discussion with the Company we have agreed that, in addition to regular contributions in relation to new benefit accrual, the Company will pay an additional £50m each year until 31 March 2018.

The valuation was carried out on the basis of a strong employer covenant. The value of the employer's covenant is that the employer underwrites risks to the scheme beyond those that have been provided for in prudent technical provisions. This level is called the solvency level and is the amount required to ensure all benefits are secured in full by an insurance company. As noted in last year's report we appointed a pension consultancy firm called Penfida to help us with the covenant evaluation. Trustee advice is Penfida's specialist area, and we engaged them to carry out an independent assessment of Unilever's covenant as part of the recent valuation process.

The Scheme Actuary has also provided us with an update of the estimated funding level at 31 March 2011.

Deficit at 31 March 2011	£580m
Funding level at 31 March 2011	91%

Please note, the above figures have not been adjusted for the Company's proposals for changes to the Fund for active members nor for the Company's notification to the Trustee and members of how it intends to exercise some of its discretionary powers in the future. See page 19.

If the impact of the signalled changes in discretionary practices were allowed for as at

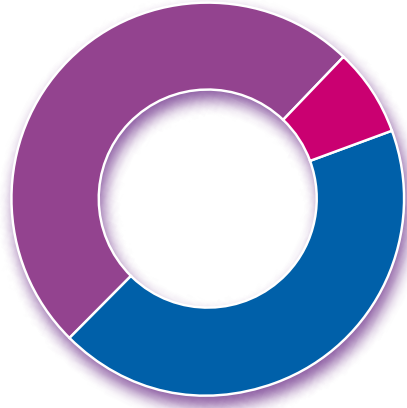
31 March 2011, then our Scheme Actuary has estimated that it would reduce the Fund's past service liabilities by approximately £335m resulting in an estimated funding level at that date of 96%.

Further information on the impact of the Company's proposed benefit changes on funding will be provided in 2012, once the final outcome has been assessed.

Trustees' Report: a summary (continued)

Membership profile

This shows headline figures for the Fund membership at 31 March 2011.



■	Active members (currently building up plan benefits)
	5,085 Final salary plan
	25 Final salary Unilever Protection Benefit plan
	1,867 Career average plan
■	Deferred members (no longer contributing but with benefits left in the plan to draw at a later date)
	37,186 Final salary plan
	11 Final salary Unilever Protection Benefit plan
	52 Career average plan
■	43,632 Pensioners and dependants of members who have died (receiving plan benefits)
	87,858 Total

The number of active members in the Final salary plan continued to decrease, whilst the number of members in the Career average plan increased over the year (largely as a result of Company acquisitions). The total number of pensioners has also fallen slightly since last year.

You can find a more detailed breakdown (including changes over the year) on pages 54 to 55.

Investment summary

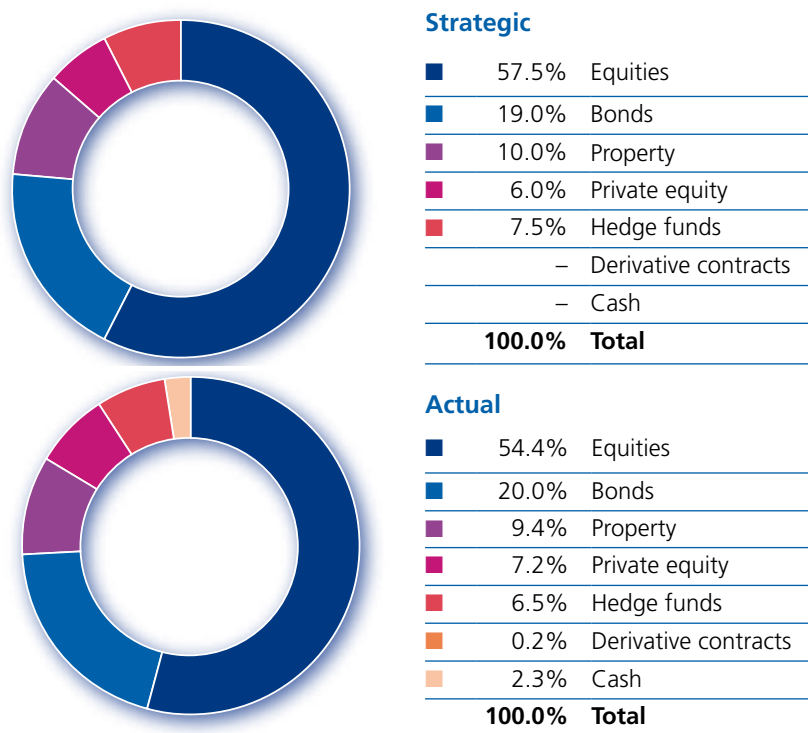
The total Fund return for the year to 31 March 2011 was 9.7%. We measure our actual investment returns against market returns (benchmarks) for each asset class in which we invest. A summary of actual returns by asset class compared against the benchmark for one and five year periods is as follows:

Year ended 31 March 2011	Actual return %	Benchmark return %	Excess return %
Equity	10.5	8.4	2.1
Bonds	5.6	4.7	0.9
Hedge funds	1.6	-1.7	3.3
Property	14.4	11.8	2.6

Five years ended 31 March 2011 (annualised)	Actual return %	Benchmark return %	Excess return %
Equity	5.0	5.3	-0.3
Bonds	4.6	4.0	0.6
Hedge funds *	7.6	3.5	4.1
Property	8.9	7.8	1.1

* – since inception in Feb 2007.

Here is the strategic allocation of the Fund's assets across different types of investment compared with the actual asset allocation at 31 March 2011:



Actual holdings will vary from the strategic holdings by varying amounts as asset prices change. Holdings are rebalanced intermittently.

The full investment report starts on page 27.

Trustees' Report: a summary (continued)

Ten year statistics table

	2011	2010	2009	2008
Total membership¹				
Active members	6,977	6,451	6,556	6,939
Deferred members	37,249	38,421	40,059	41,335
Pensioner members	43,632	44,055	44,080	44,271
Total	87,858	88,927	90,695	92,545
Net assets at fund year end (£m)²				
	5,785.0	5,493.8	4,281.7	5,060.7
Funding details³				
Value of assets for funding purposes (£m)	5,740	5,410	4,040	5,040
Technical Provisions (£m)	6,320	6,090	5,840	5,870
Funding surplus / deficit (£m)	(580)	(680)	(1,800)	(830)
Funding ratio	91%	89%	69%	86%
Contributions receivable (£m)				
Employer				
– Regular ⁴	57.9	57.2	59.3	56.2
– Additional	16.6	31.5	211.9	6.0
– Deficit reduction	10.0	64.0	110.2	277.5
Member ⁵	0.1	0.2	0.3	0.5
AVCs ⁶	1.1	1.7	1.8	1.9
Total	85.7	154.6	383.5	342.1
Investment income (£m)				
	138.7	141.1	170.8	148.5
Benefits (£m)⁷				
	(283.6)	(279.7)	(274.8)	(266.3)
Investments – actual asset allocation (% at 31 March)⁸				
Bonds				
– UK Public	0.1	4.3	7.8	8.6
– UK Private	2.6	3.6	7.6	7.7
– Overseas Public	–	–	–	–
– Overseas Private	10.0	4.2	0.6	0.2
– Indexed Linked Securities	7.3	3.7	0.0	0.3
Equities				
– UK	10.7	11.9	9.1	10.7
– Overseas	44.0	49.3	46.5	48.7
Private equity funds	6.9	6.6	7.1	5.5
Hedge funds	6.5	6.7	7.9	5.1
UK property	9.4	7.3	7.5	8.4
Cash, deposits and other investments	2.5	2.4	5.9	4.8
Overall Fund performance (over 12 months to 31 March)⁹				
Total	9.7%	32.4%	(17.2)%	(1.2)%

2007	2006	2005	2004	2003	2002
7,239	8,813	9,792	10,833	12,863	15,086
43,001	42,189	42,166	42,497	42,443	33,120
44,418	44,917	45,216	45,310	45,436	45,265
94,658	95,919	97,174	98,640	100,742	93,471
5,083.7	4,763.0	3,812.0	3,547.0	3,128.0	4,185.0
5,060	–	3,789	–	–	4,151
5,420	–	4,780	–	–	3,981
(360)	–	(991)	–	–	170
93%	–	79%	–	–	104%
59.0	57.0	45.0	30.0	12.0	–
54.3	–	–	16.0	–	–
170.0	170.0	62.0	–	–	–
0.7	3.0	13.0	8.0	2.0	1.0
2.0	1.0	2.0	2.0	3.0	3.0
286.0	231.0	122.0	56.0	17.0	4.0
140.0	120.0	104.0	95.0	107.0	110.0
(251.0)	(245.0)	(241.0)	(234.0)	(238.0)	(218.0)
8.3	8.7	7.0	8.0	9.0	5.0
7.6	6.8	7.0	7.0	8.0	6.0
0.2	0.3	–	1.0	1.0	1.0
0.2	0.1	1.0	–	–	–
–	–	–	–	–	–
12.4	24.9	25.0	25.0	23.0	35.0
49.4	44.2	42.0	43.0	41.0	36.0
4.6	4.8	6.0	6.0	6.0	4.0
4.9	–	–	–	–	–
9.2	8.5	9.0	8.0	10.0	9.0
3.2	1.7	3.0	2.0	2.0	4.0*
6%	25.7%	11.9%	21.6%	(20.1)%	(0.9)%

*This includes a 2% allocation of assets transferred from the Bestfoods pension scheme.

Trustees' Report: a summary (continued)

Notes to the ten year statistics table

1) Total membership.

Over the last 10 years the membership profile of the Fund has changed reflecting the reduction in headcount in Unilever's UK businesses. This has come about as a result of sales, outsourcings and/or restructurings over the years. The total and pensioner membership numbers have, however, remained relatively stable. The reduction in active (employed) members has been offset by an increase in the number of deferred members over the full 10 year period, although the number of deferred members has been falling since 2008. From 2006, the membership figures include Unilever Protection Benefit (UPB) members (those members who stopped building up pension benefits in the Final salary plan as they reached the "Lifetime Allowance" limit for tax efficient pension saving). From 2008, the figures include membership of the Career average plan following the closure of the Final salary plan from 1 January 2008.

Active membership increased in the year partly due to the acquisition of TIGI and part of Sara Lee (approximately 325 employees) with the remainder due to internal growth with subsequent recruitment.

It should be noted that funding for pension benefits for all members is supported from many sources and not just from active members (for example, from employer contributions and investment returns). As such, it should not be thought that it is solely the activities of the active members that support the funding arrangements of the Fund.

2) Net assets at fund year end.

The net assets at fund year end are taken from the Fund account from the Scheme Annual Report and Accounts for the year in question.

3) Funding details.

Funding information is shown for years in which there was a formal actuarial valuation (2002, 2005, 2007 and 2010) and years in which there has been an interim actuarial update (2008, 2009 and 2011). Prior to 2008 interim updates were not required. The results of the 2010 valuation have been reported in a Summary Funding Statement, issued during 2011, and this Report and Statement of Accounts. The value of the assets shown will differ from the net assets at fund year end shown in the row above for a number of reasons. For example, Additional Voluntary Contributions (AVC) investments are excluded from the valuation of assets for funding purposes. Refer to the actuarial report for each year for more details.

The Fund is set up as a common pool of money into which all members (active, deferred or pensioner) have contributed (or continue to contribute) together with Company contributions, which the Trustees invest to help it grow. Benefits are paid out of this pool of money.

The Trustees work with the Company to agree a funding target which they aim to meet. The target, known as "Technical Provisions", is tailored to the Fund's circumstances and needs. It is based on assumptions about future events, the investment strategy adopted by the Trustees and the expected covenant provided by the Company. It also assumes that the Fund will continue in the future and that Unilever PLC and other employers will continue in business and support the Fund.

The assumptions used vary over time to reflect different expectations over future events such as long term interest rates, expectations for long term price inflation and life expectancy. As such, it is difficult to compare the Technical Provisions measures on a like-for-like basis over time.

Nonetheless, at each valuation date they do represent the assessed value of the past service liabilities built up to that date, with an allowance for 'prudence', assuming that the Fund continues on an ongoing basis. 'Prudence' in this context, is a more cautious approach to the assessment of the value of the liabilities resulting in a higher value for the liabilities than if a 'best estimate' approach was used. Each year, normally in the Trustees' newsletter to members ('Fund Focus'), an annual funding statement is provided which provides more information on funding matters.

The difference between the assets and the liabilities at any given time is known as the 'funding surplus' (if the difference is positive) or the 'funding deficit' (if the difference is negative). When carrying out valuations and funding updates, the Scheme Actuary works out the value of assets the Fund needs to cover its funding target (or Technical Provisions). Then he takes the value of the Fund's assets from the accounts and compares the assets with the funding target/technical provisions. This gives the funding level. Over the period, the funding level has changed reflecting a number of matters including negative investment returns over certain time periods and changes in some of the underlying valuation assumptions (for example lower expected long term interest rates, and a greater allowance for extended life expectancy). At each valuation (undertaken at least every 3 years and the next being undertaken during 2013) the Company and Trustees agree new funding arrangements including measures to eliminate any funding deficit.

4) Regular employer contributions.

Regular employer contributions are determined by the Company and the Trustees on the advice of the Scheme Actuary. This is the amount required to provide for the future build up of pension benefits for active members and is generally shown as a percentage of active Final salary plan members' pensionable pay and active Career average plan members' Covered CARE earnings. In the early years of the ten year period being considered,

these employer contributions were low as there was either a contribution holiday or a reduced contribution rate to reflect the then assessed surplus funding position of the Fund. Despite the reduction in employee headcount the employer contribution amount has grown over time reflecting the increasing cost of providing pension benefits.

Salary sacrifice.

In 2005, the Fund introduced a 'salary sacrifice' contribution arrangement (the 'Unilever Contribution Arrangement') whereby members agree to reduce their pay and (technically) cease to make direct employee contributions to the Fund. Instead, the Company makes equivalent contributions equal to the reduction in pay on behalf of employees to the Fund. This results in National Insurance savings for both members and the Company. As technically these salary sacrifice contributions are employer contributions there is an apparent reduction in member contributions from 2005 onwards. For the avoidance of doubt, the Fund remains a contributory arrangement. The employer contributions shown from 2006 onwards include the regular employer contributions as well as these 'salary sacrifice' contributions made by the Company on behalf of employee members.

5) Member contributions.

Some Final salary plan members have chosen not to contribute to the Fund via the Unilever Contribution Arrangement (UCA). (Note: Career average plan members must contribute to the Fund via the UCA.) The figures shown from 2005 onwards represent the normal contributions made by these members. Transfers-in from other schemes are not included in these figures.

6) AVCs.

These are Additional Voluntary Contributions (AVCs) made to the Investing plan or to legacy AVC providers.

7) Benefits.

The amounts stated represent the benefits paid out to members during the year in question. These include:

- retirement pensions,
- lump sums paid on retirement, and
- lump sum death benefits.

8) Investments – actual asset allocation.

The Trustees are responsible for the investment strategy adopted by the Fund (but are required to consult with the Company before determining that strategy). Periodically, the Trustees review their strategy and in

particular their strategic asset allocations to different asset classes. The Trustees, having determined the midpoints of their strategic asset allocation weightings to different asset classes, then allow ranges for their asset strategy to be operated so as to avoid continual re-balancing around the midpoint. The table provides details of the actual split of the Fund's assets between the identified different asset classes which will be, therefore, close to the target asset strategy. The asset allocation targets are regularly reviewed and, as the table demonstrates, there have been significant shifts over the period. For example:

- a significant diversification of the Fund's bond portfolio from only investing in UK public bonds (gilts) at the start of the period, to other fixed and indexed linked bonds;
- some reduction in the exposure to equity markets and a significant diversification away from the UK over the ten-year period; and
- the introduction of investments in hedge funds (via a very diversified 'manager of managers' approach).

9) Overall Fund performance.

Details are provided of the annual return of the Fund's assets. As can be seen, the returns were very volatile over the period reflecting the turbulent market conditions. Whilst the Trustees do monitor performance relative to an appropriate benchmark for that particular investment mandate, the Trustees are most concerned about the performance relative to the growth of the liabilities, as it is the difference between the value of the liabilities and the value of the assets which determines the funding level of the Fund. See note 3) above.

The Trustees have spent considerable time reviewing their approach to investments at the strategic level, as mentioned in note 8 above, with the Investment Committee monitoring the performance of individual managers (in particular those who are employed on an 'active' basis with the target of outperforming either alternative equivalent investment managers or relevant market indices). In each Fund Annual Report significant information is provided regarding the Fund's investment arrangements in the Investment report. For this Annual Report the Investment report is provided on pages 27 to 34.

Trustees and Advisers

Trustee Company: Unilever UK Pension Fund Trustees Limited

There are 11 directors on the Board of the Trustee Company: an independent Chair of Trustees jointly appointed by Unilever and the Trustees, five directors appointed by Unilever and five directors nominated by members. Details of trustee remuneration are disclosed in the notes to the accounts.

Appointment and removal of Trustee Directors

The appointment of member-nominated directors is set out in the 'Arrangements for the Nomination and Selection of Member Nominated Directors' (the "Arrangements").

Company nominated and Independent directors are appointed in accordance with the Trust Deed and Rules. Directors can be removed by a decision of all the other directors, or according to the Arrangements or the Trust Deed and Rules.

Over the course of the year, the Trustees reviewed the Arrangements for the five member nominated directors and decided that they should be changed to allow for the appointment of:

- two pensioner directors nominated and elected by eligible pensioners;
- one deferred member director nominated by eligible deferred members and appointed by the Board; and
- two active member directors nominated and elected by eligible active members (this replaces the arrangement for the election of active member directors by employees' pension delegates).

These changes are currently in the process of being made.



Liz Airey



James Barnes



Richie Furlong



Philip Ratcliffe



Roger Bevan

Changes to the Board

Joining the Board

Roger Reed (appointed 1 June 2010)
 Martin Grieve (appointed 12 April 2011)
 David Bloomfield (appointed 1 May 2011)
 Philip Ratcliffe (appointed 1 October 2011)

Leaving the Board

Pamela Dickson (resigned 31 March 2011)
 David A Jones (resigned 30 April 2011)

The current Trustees

Independent Chair

Liz Airey
 (reappointed for second three year term from
 1 June 2011)

Appointed by Unilever PLC

James Barnes
 Richie Furlong
 Roger Reed
 Mike Samuel
 Martin Grieve

Elected by employee pension delegates

Roger Bevan
 David Saunders

Nominated by eligible deferred members

Philip Ratcliffe

Elected by eligible pensioners

Richard Clark
 David Bloomfield

Other roles

Fund Secretary to the Board

Andy Rowell

Independent Investment Professional

Catherine Claydon



Roger Reed



Mike Samuel



Martin Grieve



David Saunders



Richard Clark



David Bloomfield

Trustees and Advisers (continued)

Current Advisers

Scheme Actuary

Richard Whitelam FIA, Aon Hewitt

Actuarial advisers

Aon Hewitt Limited

Auditors

PricewaterhouseCoopers LLP

Banker

HSBC Bank PLC

Custodian

The Northern Trust Company

Investment consultants

Deloitte Total Reward & Benefits

Mercer Limited

Aon Hewitt Limited

Covenant assessment

Penfida Partners LLP

Legal advisers

Slaughter and May

Travers Smith LLP

DLA Piper

Schiff Hardin LLP

Cravath Swaine & Moore LLP

Elvinger Hoss & Prussen

Investment managers

Aberdeen Asset Management Limited

(terminated 19 January 2011)

BlackRock Advisors (UK) Limited

(appointed 26 August 2010)

C B Richard Ellis Investors Limited

Cantillon Capital Management LLP

FIL Pensions Management Limited

Goldman Sachs Asset Management Limited

(terminated 30 November 2010)

Investec Asset Management Limited

(appointed 23 August 2010)

JP Morgan Asset Management (UK) Limited

(terminated 30th June 2011)

Lazard Asset Management Limited

M&G Investment Management Limited

Northern Trust Luxembourg Management

Company SA*

Overlay Asset Management

(terminated 28 April 2011)

Pantheon Ventures Limited

River & Mercantile Asset Management LLP

Schroders Investment Management Limited

(appointed 24 August 2010)

* *The Northern Trust Luxembourg Management Company SA is the investment manager for funds delivered through the pooled investment vehicle, Uninvest. For more information on Uninvest, refer to 'Investment management structure' on page 31.*

Administration and contact details

Unilever UK Pensions

Andy Rowell (Head of Trustee Services and Fund Secretary)

Mark Walker (Chief Investment Officer)

Peter Bewley (Service Delivery Manager)

Unilever UK Pensions

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Unilever Peoplelink

(for queries from active members)

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Unilever Pensions Team

(for queries from pensioners and deferred members)

Unilever Pensions Team

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Trustees' Report

Activities during the year – Trustee Diary

We normally hold quarterly meetings to conduct the business of the Fund. The dates of the full board meetings, training/strategy days and the sub-committee meetings are shown below.

April 2010	Quarterly full Board meeting
June 2010	Investment Committee meeting Operations and Benefits Committee meeting Governance and Funding Committee meeting
July 2010	Trustee Training Day Quarterly full Board meeting
September 2010	Trustee Valuation meeting Governance and Funding Committee meeting Investment Committee meeting Operations and Benefits Committee meeting
October 2010	Quarterly full Board meeting Training and Strategy day
November 2010	Governance and Funding Committee meeting Investment Committee meeting
December 2010	Operations and Benefits Committee meeting Extra full Board meeting (actuarial valuation)
January 2011	Quarterly full Board meeting
February 2011	Investment Committee meeting
March 2011	Operations and Benefits Committee meeting Governance and Funding Committee meeting Extra full Board meeting (valuation)



Trustees' Report (continued)

Trustee Committee updates

The Committee memberships shown below are as at 6 October 2011.

Governance and Funding Committee

Liz Airey (Chair)
David Bloomfield
David Saunders
Richard Clark
(Secretary: Jon Courtman)

The role of the Governance and Funding Committee involves making sure the Fund keeps in line with the Fund rules as well as pensions law. The Committee also acts as an audit committee, oversees risk management and business planning. Furthermore, it regularly reviews the funding level and considers other funding matters (although all funding matter decisions remain at board level).

During 2010/11, the Committee's regular activities included:

- reviewing new legislation and market developments in the pensions world;
- overseeing the Fund's annual audit and the production of the Annual Report and Accounts;
- overseeing the Fund's risk management programme;
- making recommendations on business planning and conflicts of interest; and
- reviewing funding levels.

Other activities during 2010/11 included:

- monitoring the Service Level Agreement with the Unilever UK Pensions Team.

Investment Committee

Mike Samuel (Chair)
[Mark Walker (Chief Investment Officer)]
Richie Furlong
Catherine Claydon (Independent Investment Professional, appointed 1 April 2010)
Martin Grieve
(Secretary: Michael Normington)

The Investment Committee recommends an investment strategy to the main board and oversees the implementation of the agreed investment strategy. The Committee also selects the Fund's investment managers and monitors their performance against the targets set for them.

Further details of the work of the Committee can be found in the Investment Report starting on page 27.

Operations and Benefits Committee

James Barnes (Chair)
Roger Bevan
Roger Reed
(Secretary: Peter Bewley)

The Operations and Benefits Committee regularly reviews and monitors issues relating to the administration of the Fund. This includes reviewing the performance of the administrators of the Fund (Hewitt Associates Outsourcing Ltd for final salary and CARE arrangements, and Fidelity for the Investing plan) and monitoring any legal changes affecting benefits and/or administration. The Committee also exercises certain discretionary powers in relation to administration and death benefits, and deals with any Internal Dispute Resolution cases that may arise during the year.

The Committee continues to provide input into the Fund communications.

In addition, the Committee also considers the governance and investment arrangements of the Defined Contribution (DC) sections of the Fund, following the establishment of the Investing plan in 2008.

Other activities during 2010/11 included:

- Appointing a third party to carry out an audit of the Fund's data;
- Implementation of DC Governance Plan including consideration and approval of the change of name of the Investing plan High Growth Fund to the Investing plan Aggressive Growth Fund, determining investment review strategy, review of fund performance and review of DC risk register;
- Review of communication material for 2010 annual renewal and benefit statements;
- Data Tidy Project identified various issues and the Committee agreed that work should be undertaken for data cleansing with ITM and Aon Hewitt.

Trustee working parties

In addition to the formal committee structure, trustee 'working parties' are used to address particular issues. During the year, working parties were in place to look at:

- The employer covenant;
- The project to pool internal investment resources;
- The 2010 actuarial valuation;
- The arrangements for the appointment of active member nominated Trustee Directors; and
- The nomination of Mrs Airey to continue as Independent Chair of the Fund.

Company changes to discretionary payments

In April 2011, the Company notified the Trustees and relevant members of changes to how it expects to exercise two of its discretionary powers.

The Company was operating a discretionary practice of only reducing pensions for the years taken early before age 60 for certain deferred members who met certain conditions. The Company has now stated that it does not expect to apply that discretionary practice to any deferred members unless they were age 58 or more on 1 May 2011. Under the Final salary plan, pensions are reduced by 5% per year for each year taken early.

For pensioners, whilst Unilever retains the power to grant discretionary increases to pensions in payment above the relevant cap, and will continue to consider carefully each year whether it is appropriate to exercise that discretion, Unilever has signalled that pensioners should not expect annual discretionary increases to be granted in the future.

Entitlement to benefits is governed by the Trust Deed and Rules of the Fund from time to time in force. Any discretionary practices and any change to any such discretionary practices, in each case remain discretionary practices which Unilever retains the right to change or discontinue in the future.

Proposed benefit changes

Unilever is currently consulting with representatives of employees on possible changes to the benefits provided under the Fund. The proposed changes include the ending of accrual of Final salary benefits, and instead offering membership of the Career average and the Investing plan (defined contribution) sections of the Fund for future service. The Company has also proposed changes to the Career average section of the Fund. The consultation process is between the Company and employee representatives and does not involve the Trustee.

No decisions can be made on any proposals by the Trustee Board until consultation has ended and until Unilever has finalised the proposals which it wishes to make. Unilever has, however, discussed its original proposals with the Trustee Board and these have been considered in some detail, including at several full Board meetings. The Trustee Board is continuing to take detailed advice from its professional advisers, including the Fund lawyers and Scheme Actuary (both of whom are independent of Unilever). Not all of the proposed changes require Trustee consent, but where they do the Trustee Board will be giving careful consideration to all matters that they consider relevant to that decision.

Trustees' Report (continued)

Trustee Knowledge and Understanding (TKU)

The Pensions Act 2004 requires trustees of pension schemes to have a certain level of knowledge and understanding of pensions. This is known as Trustee Knowledge and Understanding, or 'TKU'. The Pensions Regulator (TPR) has issued a code of practice and guidance to set out what the level required should be and how trustees can gain the necessary level of TKU. The aim is to ensure trustees:

- act in the best interests of the beneficiaries, whilst giving full and proper consideration to the interest of different classes of beneficiary;
- understand their own schemes, how they work and, the importance of the employer covenant;
- understand the advice they are given, enter into discussion with their advisers and participate fully in decision-making;
- are able to question and challenge advice when the need arises;
- recognise and manage conflicts of interest;
- develop a regime for the proper governance of their schemes; and
- have a working knowledge of their own schemes' governing trust documentation and other important scheme documents.

The Fund has a documented training programme to ensure that new and existing Trustees have the required knowledge as set out in TPR's guidance.

For new Trustees, this includes an induction programme, which they aim to complete within six months of appointment. For existing Trustees, this includes regular reviews to establish any gaps in knowledge, and steps to meet these gaps via relevant training. This is implemented via a formal annual Performance Development Plan (PDP) process in which Trustees identify activities they will undertake as individuals to develop their TKU. An individual self-assessment of each trustee against the Pension Regulator's scope guidance for defined benefit schemes is used to identify development areas for the annual PDP process. For the first time this year, the Trustees carried out a 'peer review exercise' of the Chair of the Trustee Board and of the individual Chairs of the Committees. A log is also kept for each Trustee on training received during the year.

In addition to this, the Trustees now require of themselves completion of The Pension Regulator's online trustee toolkit. All existing Trustees have completed the toolkit. Newly appointed Trustees are working through the toolkit, with a view to completing it within six months of their appointment.

Finally, days are set aside during the year (see the Trustee Diary on page 17) to consider strategy and to hold specific training for the full board.

Myners Principles and UK Stewardship code

The Myners Report, first published in 2001, highlighted shortcomings in the expertise and organisation of investment decision-making by pension fund trustees and proposed a series of principles (ten) that Trustees should adopt on a 'comply or explain' basis. A Government commissioned review of the Principles undertaken by the NAPF in 2007, linked with a consultation process conducted by the Treasury led to the adoption of a smaller number (six) of simplified, higher level, principles.

The Trustees review their compliance with the updated Myners' principles on a regular basis and, during the year under review, have considered their approach to environmental, social and governance issues (ESG), including their position in respect of the UK Stewardship Code. The Fund is fully compliant with the simplified principles.

The Fund is fully supportive of the FRC UK Stewardship Code and seeks to apply the Principles of the Code.

Keeping in touch with members

Regular Fund communications to the membership are:

For all members (actives, deferred and pensioners):

- **Fund Focus** – our Fund newsletter, featuring updates on the plans, Trustee activities and news about the wider world of pensions. It is published in three versions (for active, pensioner and deferred audiences), and normally includes the annual summary funding statement. Due to the ongoing valuation, the 2010 issue of Fund Focus did not include the summary funding statement, but a separate summary funding statement was issued in 2011 when the valuation results were known. The 2011 Fund Focus will include the annual summary funding statement as at 31 March 2011.

Additionally for active members:

- **Benefit statements** – keeping active members up to date on the benefits they are building up were issued in July 2010. Benefit statements were not issued in 2011 due to the potential impact of the Company's proposed benefit changes.
- **Annual renewal materials** – outlining active member choices and providing relevant guidelines/forms for making those choices. These are normally supplied with the benefit statements so that members have the relevant details to hand to help them make informed decisions.

Additionally for pensioner members:

- **Your pension** – a leaflet issued to pensioners in March each year informing them of the annual pension increase.

Trustees' Report (continued)

Pension Law

Set out below is a brief summary of the Trustees' current understanding of some general changes in pensions legislation. This summary should not be taken as providing a right to any contributions or benefits under the Fund. Rights to contributions and benefits under the Fund are only given by the Trust Deed and Rules of the Fund from time to time in force. Members are responsible for ensuring they are aware of the impact on their own personal circumstances.

Recent changes to pension law are as follows:

RPI to CPI

In last year's report, we reported that the Government had announced proposals which might enable some pension schemes to adopt the Consumer Prices Index (CPI), rather than the Retail Prices Index (RPI), as the measure of inflation for increasing pensions in payment. The Department for Work & Pensions (DWP) completed a consultation earlier this year, after which it was confirmed the Government would not introduce additional legislation to override a scheme's rules relating to RPI-linked increases for pensions in payment, or make it easier for schemes to use their amendment powers to effect a change to CPI.

Although this is a complex issue in which potential impact ultimately depends very much upon the specific provisions in a scheme's rules for specific members, for many pensioners in the Fund, some or all of their pension in payment has increases based on RPI (up to the relevant caps). Unilever has confirmed it currently has no plans to propose to the Trustees a move to CPI for pensions currently in payment.

However, for current pensioners who have service in the Fund between 6 April 1978 and 5 April 1997, part of the pension being paid may be a Guaranteed Minimum Pension (GMP) which the Fund pays as a result of the pensioner having been contracted out of the State Earnings Related Pension during that time. Although GMPs built up before 6 April 1988 do not get any increases in payment from the Fund, GMPs built up after 5 April 1988 are increased each year in payment. The 2010 Government legislation changes mean that the Fund must now use CPI as the measure of inflation (up to 3%) to increase GMPs built up after 5 April 1988.

Removal of the Default Retirement Age

The Government has introduced regulations effective 6 April 2011, that have removed the right of employers to dismiss employees based solely on the grounds that they have reached age 65 (or their pension scheme's normal retirement age if later), unless the employer is able to objectively justify such a policy. Employers may still be able to end the employment of employees at this age on other grounds and there are some transitional measures in place for employees who were notified before 6 April 2011 that their employment would end. This change only affects the age that employers may end an employee's employment. They do not change an employee's normal retirement age under their pension scheme.

Compulsory Purchase of Annuity

From 6 April 2011 the HM Revenue and Customs regulations which made it compulsory for all individuals to secure a pension from age 75 have been abolished. There are new regulations in place which set out what individuals can do with their pension funds from age 75 if they have not already bought an annuity or put the pension into payment. However, the rules around when members of the Unilever UK Pension Fund must put their pension into payment are set out in the Trust Deed and Rules of the Fund and these new regulations do not have an impact on those Rules.

Tax on pensions for high earners

In October 2010, following on from June's Emergency Budget, the Government announced details of measures to be included in the Finance Act 2011 which restrict pensions tax relief from April 2011. The Annual Allowance (the yearly amount of pension savings that individuals can build up in a registered pension arrangement before a tax charge arises) has been reduced to £50,000 from £255,000. In addition, the Lifetime Allowance (the total amount of registered benefits members can build up in the course of their working lives before a tax charge arises) is being reduced from £1.8 million to £1.5 million from April 2012. The government is introducing a facility for members who expect to have registered benefits above £1.5 million to retain a personal LTA of £1.8 million subject to meeting the restrictive conditions. Existing LTA protections will continue in force but slightly adjusted to take account of the reduced LTA.

It is a member's own responsibility to account for tax due in their self-assessment tax return.

Delegates Conference 2011

An annual delegates conference is usually held in the first few months of each year. This year's conference has been rescheduled and is due to take place in October 2011.

From November 2011, the role of the employee delegates' conference in electing the two active member directors on the Board will cease, and their residual role is under review. Active member directors will be nominated and elected by the eligible active membership with effect from that date.

Changes to the Trust Deed and Rules

The official document governing the running of the Fund is the Trust Deed and Rules. A Deed of Amendment was executed on 24 March 2011 which dealt with the following:

- The name of one of the Investing plan Funds was changed from the "High Growth Fund" to the "Aggressive Growth Fund".
- As required by legislation, the Trustee of the Fund (via USF Nominees Limited) had to register as part of the Unilever Group under the Government's Carbon Reduction Commitment Scheme (CRC) Scheme. The CRC Scheme is a mandatory scheme to improve energy efficiency and therefore cut CO2 emissions in large public and private sector organisations. The Deed effectively protects the Fund assets (and therefore the beneficiaries) from what may be viewed as unjustified claims in respect of CRC liabilities incurred by the Unilever Group.

The Fund's Rules currently allow the Trustee to make payments from the Fund to the Company. These are mostly for the everyday running of the Fund, for example paying the Company for the services provided by the UK Pensions team. The Trustee needed to pass a resolution before 6 April 2011 to keep this power, due to a legislative requirement. As we will need to continue making payments like this in future the resolution was passed to take effect on 1 April 2011.

Contributions paid during the year ended 31 March 2011

Following the introduction of 'salary sacrifice' in May 2005 (the 'Unilever Contribution Arrangement' or 'UCA'), Unilever is making contributions on behalf of those members taking part, on top of its own contributions. Members sacrifice an amount of their salary equal to their regular pension contributions (although Final salary plan members can choose not to pay contributions in this way). This results in a National Insurance contribution saving for both members and the Company. The majority of members therefore no longer contribute directly to the Fund and the Company is paying the full contribution due in respect of those members. Career average plan member contributions must be paid to the Fund via the UCA. For the avoidance of doubt, the Fund remains a contributory arrangement.

The Government increased Employer's National Insurance contributions from 6 April 2011, resulting in a revised salary related contracted-out rate of 10.1% (previously 9.1%) for certain bands of earnings. This has resulted in two changes:

- Members' fixed-term voluntary contributions are paid through the Unilever Contribution Arrangement and as a result there are tax and National Insurance savings for both members and the employer. Unilever uses its discretion under the Rules to pass on some of its National Insurance saving into the member's Investing plan account. With effect from April 2011 Unilever PLC has exercised its discretion to increase the additional amount it pays to member's accounts from 9.1% to 10.1% to reflect some of its increased National Insurance saving,
- For members of the Career average plan, Unilever makes a contribution of 12.5% of any pensionable earnings a member receives above the higher level of pensionable earnings. Members can receive this as a contribution into the Investing plan or take it as cash with salary (less deductions to take account of tax and both employee and employer National Insurance) or a combination of both

Trustees' Report (continued)

options. For members who take the contribution as cash, or choose a combination of cash and Investing plan contribution, there is a deduction from the cash amount to allow for some of the Employer's National Insurance. As a result of

the increase in Employer's National Insurance contributions from April 2011 the size of the deduction will increase and members affected will receive a slightly smaller cash sum.

Regular employee-member contributions

Final salary plan	7% of pensionable salary above the Lower Earnings Limit; or 8.5% of pensionable salary above the Lower Earnings Limit if choosing to keep pension increase rate in line with inflation up to 5% a year.
Career average plan	5% of pensionable earnings between a Higher and Lower level. (At 1 April 2010, the lower level was £5,032 and the higher level was £39,737. At 1 April 2011, the lower level was £5,263 and the higher level was £40,929.)

Unilever's contributions

Final salary plan	24.1% of active members' pensionable salaries, less employee contributions (this is changing to 23.5% from 1 January 2012 following the 2010 valuation).
Career average plan	20.5% of active members' pensionable earnings between the two levels, less employee contributions (this is changing to 13.4% from 1 January 2012 following the 2010 valuation); plus 12.5% of pensionable earnings above the higher level, paid into the member's Investing plan account, or salary, or a mix of both.
Special contributions	£26.6 million broken down as follows: <ul style="list-style-type: none"> • £10 million contribution towards making up the funding deficit (in March 2011). Note: at the same date £40 million was also utilised from a previous payment from the Company. See the Summary of Contributions on page 53. • £11.7 million unfunded retirement benefits contributions. • £1.2 million contribution towards the PPF levy. • £0.3 million augmentation in respect of the backdating of pension membership for certain part time members. • £3.4 million augmentation of member benefits.

Transfer values

Transfer values are worked out 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.

During the year, Unilever PLC operated a discretionary practice of waiving the early retirement reductions applicable at ages 60 to 65 for relevant members who met certain conditions. 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 allowed for discretionary increases in line with assumed price inflation in the Final salary plan for pre 1 January 2008 pensions in payment. They did not allow for any discretionary increases above the guaranteed amounts for post 31 December 2007 pension (in either plan).

Following the Company's notification of its signalled change in discretionary practices, see section on page 19, the allowance for such discretion was changed accordingly for transfer values from 1 May 2011.

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% a year.

Pensions in payment (above GMPs) built up from 1 January 2008 increase on 1 April each year in line with RPI inflation up to 3%, unless the member has chosen to pay towards increases of up to 5%.

The Company has discretion to grant increases in excess of these percentages, but see section on changes to the Company's expected use of discretionary powers on page 19.

The Fund is responsible for paying increases to certain parts of members' GMPs (where applicable). For more details on this, refer to the Spring 2010 'Your pension' leaflet, issued to pensioner members in March 2010 (available to download from the Fund's website).

Career average plan Pensions in payment increase on 1 April each year in line with RPI inflation up to 2.5%. The Company has discretion to grant increases in excess of 2.5%, but see section on changes to the Company's expected use of discretionary powers on page 19.

Final salary plan The general increase to pensions in payment on 1 April 2011 was capped at 5.0% (the increase in the Retail Prices Index from January 2010 to January 2011 was 5.1%). This increase was applied as follows:

- Most pensions in payment (above GMPs) built up before 1 January 2008 increased by 5.0% (1 April 2010: 3.7%).
- Pensions in payment (above GMPs) built up from 1 January 2008 by members who made contributions at the 7% rate, increased by 3% (1 April 2010: 3%).
- Pensions in payment (above GMPs) built up from 1 January 2008 by members who made contributions at the 8.5% rate, increased by 5.0% (1 April 2010: 3.7%).
- The Fund is responsible for paying increases to certain parts of members' GMPs (where applicable).

Career average plan Pensions in payment increased by 2.5% (1 April 2010: 2.5%).

There were lower increases on a sliding scale for those who left service after March 2010.

No discretionary pension increases were awarded by the Company in April 2011.

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

On behalf of the Trustees

E AIREY
Chairman

A ROWELL
Secretary

7 October 2011

Trustees' Report (continued)

Statement of Trustees' Responsibilities

The accounts are the responsibility of the Trustees. Pension Scheme regulations require the Trustees to make available to Fund members, beneficiaries and certain other parties, audited accounts for each Fund year which:

- show a true and fair view, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

The Trustees have supervised the preparation of the accounts and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions (other than voluntary contributions) payable towards the Fund by or on behalf of the employer 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 monitoring 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 to members.

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 also responsible for the maintenance and integrity of the Unilever UK Pension Fund's website (<http://www.uukpf.co.uk>). Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.



Investment Report

Economic background

The year to 31 March 2011 started with welcome signs that the global economy had recovered after the financial crisis of 2008-2009. Governments in developed markets had to make a choice between introducing potentially deflationary austerity measures to cut their deficits and keeping fiscal policy loose to encourage 'green shoots' of economic growth to continue.

While the majority of developed markets retained very low interest rates in an effort to facilitate a recovery in global economic growth, by the end of the period signs were beginning to emerge of increasing inflationary pressures, and governments needing to weigh up the balance between choking off the economic recovery and raising interest rates to try to control inflationary pressures.

In the UK, the economy grew by 1.4% over 2010, however the UK economy continued to lag the global recovery and there was concern that public sector cuts announced by the government could push the economy back into recession during 2011.

Economic disparity continued between the core and peripheral 'Eurozone' countries throughout the year. The German economy led the recovery in Europe with an increase in GDP of 3.6% over 2010. However, there were concerns about debt crises in some of the peripheral European economies. The Greek debt crisis dominated during the second quarter of 2010 and by November, Ireland had received an €85 billion bailout from the European Financial Support Facility and the International Monetary Fund. Towards the end of the period, attention turned to Portugal's problems especially as the prime minister resigned following a rejection of proposed austerity measures.

In the US, the beginning of the period was marked by renewed concerns of a double-dip recession as the rebound seen in the first quarter of 2010 petered out. Even though initial jobless claims fell and the Chicago purchasing managers' index had risen by the third quarter of 2010, the housing sector and the consumer remained depressed and consensus forecasts for growth worsened. In light of this it was not surprising to see the Federal Reserve extend its programme of quantitative easing with announced purchases of US\$600bn of long-term Treasury securities by June 2011. The start of 2011 saw improved sentiment, although unemployment figures and housing starts were still weak.

The developing world showed higher rates of economic growth than the highly indebted mature

economies. 2010 saw China overtake Japan to become the world's second largest economy. However by the first quarter of 2011, consensus forecasts were that the rapid growth rate of the emerging economies would begin to slow down.

The first quarter of 2011 saw a number of geopolitical and natural events dominate the economic landscape. In the Middle East and Africa a series of public demonstrations and riots resulted in widespread condemnation of a number of governments. As political unrest spread across the region the oil price rose significantly on fears of reduced supply, however the initial reaction of markets to these events was perhaps surprisingly resilient. In the Asia Pacific region flooding in Australia and an earthquake in New Zealand were followed by a devastating earthquake, tsunami and subsequent nuclear crisis in Japan.

Since the end of the Fund's accounting year, the major characteristic of investment markets has been the stifling of global growth due to the austerity measures imposed in debt-laden developed markets.

As a result of the turbulence of global equity markets in the first quarter of 2011, and the resultant universal decrease in appetite for risk assets, the second quarter was relatively calm and there was a degree of mediocrity in the returns for global markets. The MSCI AC World Index producing returns of just 0.3% in Sterling terms. Furthermore on the back of poor economic data in the US, the FTSE AW North America Index fell by -0.4%. In spite of this, the FTSE All Share Index performed better, producing returns of 1.9%.

This lacklustre equity performance continued into July, yet the beginning of August signalled an end to the tranquillity of global markets with the debt crisis in the US being the catalyst for volatility in global equity markets. In the wake of the raising of the US debt ceiling and the resulting downgrade of US debt by S&P on 6 August, equity markets worldwide plummeted. With the fear of a double dip recession, the MSCI All World Index dropped by 14.0% and the FTSE All Share Index fell by 13.3% in the first week of August. The continuing debt crisis in Europe and the lack of a binding long term solution to Greece's debt problems extended the fall in equities in Europe with the MSCI Europe ex UK Index falling by 17.0% over the two month period from 30 June.

Over the period from the 31 March to the end of August, equity markets fell dramatically with the MSCI AC World Index returning -9.8%, the FTSE All Share Index returning -7.2% and the MSCI Europe

Investment Report (continued)

ex UK Index returning -10.1% to the end of August 2011. Markets have remained volatile over the last month.

Against the backdrop of global uncertainty in equity markets, bond markets performed well over the five month period to the end of August. The FTA UK Gilts All Stocks Index posted returns of 7.4% as the UK Gilts retained their status as a safe haven for investment, whilst the Bank of America/Merrill Lynch Sterling Non Gilt Index returned 3.4%.

Investment markets

Equities

Over the year ended 31 March 2011, equity markets performed well with all major markets rising in both sterling and local currency terms, except Japan which fell by 4.0% in sterling terms and 10% in local currency terms, as a result of the devastating earthquake and tsunami in March 2011 (as measured by the FTSE Japan Index).

The FTSE World Index rose by 8.2% over the year in sterling terms led by the Asia Pacific (ex Japan) and US markets which returned 14.6% and 9.2% respectively. In local currency, the FTSE World rose by 9.5%, led predominantly by the US which returned 15.4% over the year (all measured by the FTSE Indices).

In the UK, the FTSE All-Share Index rose 8.7% over the twelve month period with mid and small cap stocks outperforming the wider index by 8.0% and 5.8% respectively and large cap stocks underperforming by 1.3%.

Bonds

The total return from UK government bonds rose over the year, with a total return from fixed income gilts of 5.2% as measured by the FTA UK Gilts All Stocks Index and 6.5% from index linked gilts as measured by the FTA UK Index Linked Gilts All Stocks Index. UK corporate bonds also gave a positive total return of 5.3% as measured by the Boa Merrill Lynch Sterling Non Gilt Index. The yield on the FTSE Over 15 Year Fixed Interest Gilt Index was 4.3% at 31 March 2011.

Property

Over the 12 month period to 31 March 2011 the IPD UK All Property Index returned 10.7%. The three main sectors of the UK Property market (retail, office and industrial) each recorded positive returns over the year to 31 March 2011 (retail: 10.7%; office: 11.4% and; industrial 9.3%).

Currencies

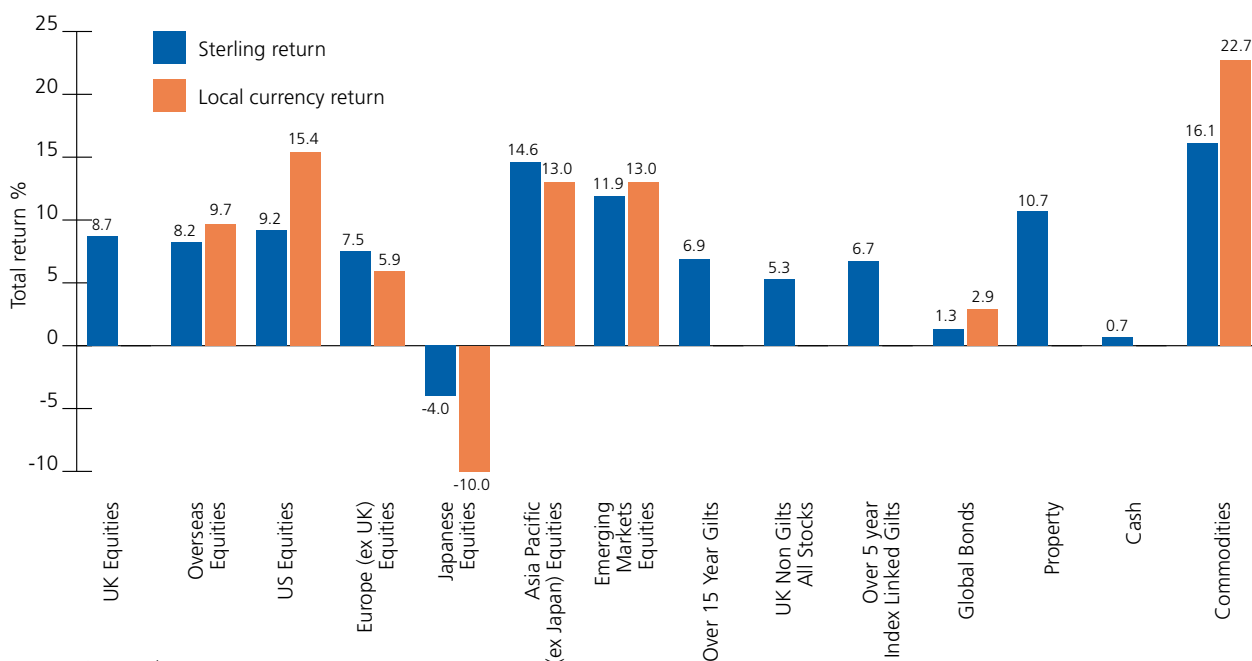
Over the year, Sterling appreciated against both the US Dollar and the Euro, rising 5.7% from \$1.52 to \$1.60 and 0.8% from €1.12 to €1.13. However, Sterling saw a 6.3% decline against the Japanese Yen over the year, finishing at ¥132.85 down from ¥141.74.

Commodities

The major commodities all had a strong year, suggesting that there were inflationary pressures in the global economy. Over the year the S&P GSCI Commodity Spot index rose 36.9% and Brent Crude Oil increased by 44.2% from \$81 to \$117 per barrel.

The chart below shows the 12 month market index returns to 31 March 2011, illustrating the performance of the market as a whole, in Sterling and in local currency terms.

Twelve month performance to 31 March 2011



Source: Thomson Reuters Datastream

Investment strategy

As a mature fund, with a small number of active members compared to Pensioners and Deferred members, the Fund has adopted an investment strategy that aims for self-sufficiency, and which reduces the level of risk as the funding level improves. The initial phase of this strategy is to target a return of gilts plus 3% pa. The strategy was set by the Trustees after giving full consideration to 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 views of the Company on the investment strategy. Details of the strategy together with other important investment information for the Fund is 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.

At the start of the year, the Fund appointed Mrs Catherine Claydon (an Independent Investment Professional) as a member of the Investment Committee.

The year under review saw further restructuring within the Fund's global equity mandates. The Goldman Sachs Asset Management mandate was terminated, and Investec Asset Management and Schroder Investment Management were appointed. At the same time, the Fund put in place a sophisticated segregated Liability Driven Investment (LDI) Mandate with BlackRock Advisors.

In terms of bond activity, the bond mandates with Aberdeen Asset Management and Goldman Sachs Asset Management were terminated during the year under review, and an initial investment was made into the Univest Global Bond Fund, managed by the Northern Trust Company (Luxembourg) SA. The M&G mandate was restructured into a UK credit mandate and BlackRock Advisors were awarded the management of an active index-linked gilt mandate.

No changes were made to the Fund's strategic asset allocation during the year under review.

The Fund's strategic investment allocation target at 31 March 2011, together with the comparative position at the 31 March 2010, is set out below.

	2011	2010
	(%)	(%)
UK equities	9.0	9.0
Europe ex-UK equities	11.5	11.5
US equities	23.0	23.0
Japan / Pacific ex-Japan / Emerging Market equities	14.0	14.0
Total Equities	57.5	57.5
Bonds	19.0	19.0
Property	10.0	10.0
Private equity	6.0	6.0
Hedge funds	7.5	7.5
Cash	–	–
Total	100.0	100.0

Investment Report (continued)

The disposition of the Fund's investments excluding AVC investments as at the 31 March 2011 was as follows:

	31 March 2011		31 March 2010	
	£ million	%	£ million	%
Bonds				
UK public	0.8	0.1	232.7	4.3
UK private	152.0	2.6	195.3	3.6
Global ex-UK private	576.8	10.0	230.2	4.2
Indexed linked securities	422.6	7.3	203.0	3.7
Equities				
UK	614.0	10.6	654.3	11.9
Global ex-UK	2,528.5	43.8	2,701.3	49.3
Derivative contracts (net)	12.0	0.2	23.9	0.4
Private equity	415.8	7.2	358.9	6.6
Hedge funds	374.5	6.5	368.7	6.7
UK property	540.3	9.4	399.6	7.3
Cash, deposits and other investments	130.0	2.3	109.5	2.0
	5,767.3	100.0	5,477.4	100.0

* includes assets held as part of the LDI mandate

The Fund's actual asset distribution may differ from the strategic allocation target at any time.

Investment returns

The Trustees are responsible for the investment strategy and monitor the investment returns of the Fund against a proxy for the Fund's liabilities which is provided by Aon Hewitt. This gives a measure of the funding level which is separately reported to members annually.

	Fund return	Total Liability Return	Excess return
	%	%	%
Year ended 31 March 2011	9.7	1.3	8.4
Since Inception (1st July 2008) (Annualised)	7.9	3.9	4.0

The actual investment returns are also measured against the market return (benchmark) for each of the asset classes in which the Fund invests in order to assess the performance of its investment managers.

Investment Managers are remunerated on a fee basis in accordance with contractual agreements, related to the market value of the assets under management and the Investment Committee review their performance on a quarterly basis.

A summary of actual returns by asset class compared against the benchmark for one and five year periods is as follows:

Year ended 31 March 2011	Actual return	Benchmark return	Excess return
	%	%	%
Equity	10.5	8.4	2.1
Bonds	5.6	4.7	0.9
Hedge funds	1.6	-1.7	3.3
Property	14.4	11.8	2.6
Five years ended 31 March 2011 (annualised)			
Equity	5.0	5.3	-0.3
Bonds	4.6	4.0	0.6
Hedge funds *	7.6	3.5	4.1
Property	8.9	7.8	1.1

* – since inception (Feb 2007).

Private equity is measured on the basis of an Internal Rate of Return (IRR) calculation. Since inception, the annualised IRR of the portfolio has been 15.5% (2010: 15.5%) against the benchmark of 12.2% (2010: 12.2%). The fact that these figures have not changed is indicative of the stable nature of what is a mature portfolio, with a high proportion of the IRR and the benchmark locked into the performance through historic cash flows.

As noted above, the Investment Committee reviews performance for each individual manager against the specific benchmarks allocated to them.

Investment management structure

The Investment Managers appointed by the Trustees to manage the Fund's bond investments are currently BlackRock Advisors (UK) Limited, M & G Investment Management Limited and Northern Trust Luxembourg Management Company SA (re the Uninvest pooled bond holdings).

The Fund's equity investments are currently managed by Cantillon Capital Management LLP, Investec Asset Management Limited, JP Morgan Asset Management (UK) Ltd, Lazard Asset Management Ltd, Northern Trust Luxembourg Management Company SA (re the Uninvest pooled equity holdings), River & Mercantile Asset Management LLP, and Schroder Investment Management Limited.

The Fund's property portfolio is managed by CB Richard Ellis Investors Ltd, with Colliers CRE providing independent valuations. Private equity investments are managed by Pantheon Ventures Ltd. Part of the Fund's currency hedging programme was actively managed during the year by Overlay Asset Management. This mandate was terminated after the year-end.

The Fund invests a proportion of its equity and bond assets in the Unilever Pooled Investment Vehicle (Uninvest). Established in Luxembourg, Uninvest is set up as an umbrella vehicle, a 'Fonds Commun de Placement' (FCP), and it is managed by the Northern Trust Luxembourg Management Company SA. Northern Trust Luxembourg Management Company acts as a "Manager of Managers" and the Uninvest pooled vehicle consists of a range of sub-funds, each with separately appointed investment managers appointed by Uninvest's Investment Committee. Its Investment Committee also oversees the operation of Uninvest.

The Fund's hedge fund investments are managed by the Board of Directors of Uninvest IV, an investment fund established in Luxembourg qualifying as a 'Société d'investissement à capital variable' (SICAV).

The purpose of these vehicles is to optimise the investments of Unilever pension funds worldwide, taking advantage of economies of scale, diversification and expertise. The investment in the Uninvest vehicles has been made by the trustees on an "arms length" basis and the funds' performance is formally monitored in the same way as all the Fund's other investments.

Investment Report (continued)

Investment holdings

Concentration of investment

As at 31 March 2011 there were three individual holdings that represented more than 5% of the Fund's total assets:

Pooled Investment Vehicles	Value £ million	%
Univest Global Bond Fund	415.3	7.2
Univest IV hedge fund	374.5	6.5
Univest UK equity sub-fund	355.7	6.2

Scheme 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.

Employer related investments

On 31 March 2011 the Fund held 1,321,664 shares in Unilever PLC with a market value of £25.1m (31 March 2010: £13.2m). There were no direct holdings in Unilever NV (31 March 2010: £6.5m).

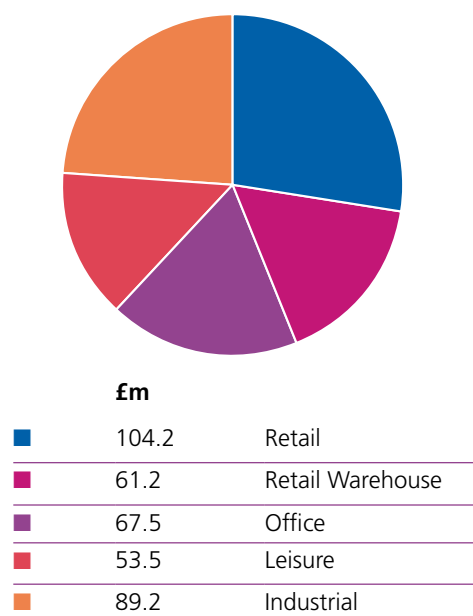
In terms of the indirect investment through the Univest pooled vehicle, the Fund had an interest in 365,829 shares in Unilever PLC with a market value of £7.0m (2010: £10.2m) through its investment in the UK Equity sub-fund, an interest in 114,853 shares in Unilever NV with a market value of £2.5m (2010: £2.2m) through its investment in the Europe ex-UK sub-fund, and an interest in 43,704 shares in Hindustan Unilever with a market value of £0.3m (2010: £0.2m) through its investment in the Emerging Market sub-fund.

Together these direct and indirect investments represent less than 1% of total assets. This is comfortably within the maximum 5% of the current market value of the resources of the Fund specified in the Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378).

Property

The following chart shows the distribution of the Fund's property portfolio by property type:

Property Distribution





Derivative contracts

The Trustees have authorised the use of futures contracts by their investment managers for efficient portfolio management.

In December 2008 the Trustees agreed to implement a currency hedging programme in order to mitigate the currency risk of overseas investments relative to Sterling liabilities. A hedge ratio of 50% was used on the North American, Europe ex-UK and Emerging Markets sub funds and the Uninvest IV hedge fund. The hedge ratio was increased to 75% at the end of March 2009.

The hedging programme was diversified during July 2009, with the appointment of an active currency manager, Overlay Asset Management, to actively manage part of the hedge.

Marketability of investments

At the end of the year in excess of £4 billion of investments were quoted on recognised stock exchanges and are therefore considered to be marketable on a short term basis. Investments in hedge funds can usually be realised if six to twelve months notice is given. Longer periods may be needed to dispose of direct property and private equity investments.

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 designated nominated account at The Northern Trust Company in the name of the Trustees of the Fund. Reports are received each month covering the assets held by the custodians and transactions in the month. The custodian is independent of the fund managers and provides a check on the recording and valuation of the assets of the Fund.

Defined contribution section

During 2007/8 the Trustees established the Investing plan, a defined contribution section of the Fund, which provides money purchase benefits in addition to the Career average plan. The Investing plan is also a vehicle for voluntary contributions for members of both the Final salary and Career average plans. The day to day management of this section has been delegated by the Trustees to FIL Pensions Management Limited, formerly known as Fidelity Investments. All of the contributions to the defined contribution section are invested in UK managed pooled investment vehicles. Members have the option of selecting in which managed fund they want their contributions invested. The default option is the Moderate Growth Fund. The investment returns of the various managed funds for the year ended 31 March 2011 are as follows:

	Actual return %	Benchmark return %	Excess return %
Unilever Investing plan Cash fund	0.6	0.4	0.2
Unilever Investing plan Cautious Growth fund	7.0	7.4	-0.4
Unilever Investing plan Aggressive Growth fund	8.4	8.2	0.2
Unilever Investing plan Income/bond fund	6.4	6.3	0.1
Unilever Investing plan Moderate Growth fund	8.2	8.4	-0.2

Investment Report (continued)

During the year, the High Growth Fund was renamed the Aggressive Growth Fund by the Trustee Board. The Fund objectives, benchmark, composition and risk profile all remain unchanged.

In April 2011, the Trustee Board approved a change to the benchmark of the Standard Life Select Property Fund to the IMA Property Sector Index. This Fund is represented in the Moderate Growth Fund (a 15% allocation) and the Cautious Growth Fund (a 10% allocation).

Statement of Investment Principles (SIP)

The current SIP was approved by the Trustee Board on 31 March 2010 to take account of the changes in asset allocation agreed during the previous year. It is Trustee policy to carry out a review of the SIP every three years and immediately after any significant change in investment policy. A further review of the SIP is currently in progress and is expected to be completed during October 2011.

A copy of the SIP is available from the Fund Secretary on request.



Actuary's Report

My most recent formal valuation of the UUKPF was as at 31 March 2010. The principles for the valuation were agreed between the Trustees and Unilever PLC in a Statement of Funding Principles dated 24 March 2011, and I issued my report on the valuation on 29 March 2011.

On the basis of the assumptions set out in the Statement of Funding Principles, there was a shortfall of assets relative to liabilities of £680m as at 31 March 2010. The shortfall of £680m corresponded to a funding level of 89%.

The long term rate of joint contributions for the Final Salary Section, payable by the members and the Company, amounted to 23.5% of Pensionable Pay on the agreed assumptions. For the Career Average Section, the joint contribution rate amounted to 13.4% of Covered Earnings. Most contributing members have entered into a "salary sacrifice" arrangement as an alternative to paying contributions.

As part of the valuation I am required to estimate the position of the UUKPF if it had been discontinued on the valuation date, based on an estimate of the terms that would have been offered by insurance companies to take on the liability. On this basis, the UUKPF was 72% funded at 31 March 2010.

The Company have agreed to pay contributions to the UUKPF in line with the long term rates above and pay additional annual contributions of £50m each year until 31 March 2018. Allowing for these deficit contributions and for future investment returns as agreed by the Company and Trustees, the shortfall is expected to be eliminated by 31 March 2018.

The next formal valuation is due as at 31 March 2013. In advance of the next valuation, and in addition to an actuarial report as at each intermediate anniversary of the valuation date, an update will be carried out as at each 31 December, up to and including the 31 December of the year of the next valuation. Under this update approach, the Company and Trustees have agreed that changes to the level of Company contributions can arise. In certain adverse circumstances, additional Company contributions can become payable, whereas in certain favourable scenarios Company contributions can be reduced. The update as at 31 December 2010 did not result in any adjustment to the level of Company contributions.

As at 31 March 2011, I produced an actuarial report which provided an approximate update of the funding position. This showed that the funding position had improved since the 2010 valuation date. The funding level was assessed using assumptions consistent with those used for the 2010 valuation as set out in the Statement of Funding Principles. Compared with 89% at the 2010 valuation date, it was estimated to be 91% at 31 March 2011.

Note: Copies of the Statement of Funding Principles, the Actuarial Valuation Report, the Annual Actuarial Update Reports, the Recovery Plan and the Schedule of Contributions are available from the Fund secretary on request.

R J Whitlam
Aon Hewitt

7 October 2011

Independent Auditors' Report

To the Trustees of the Unilever UK Pension Fund

We have audited the accounts of the Unilever UK Pension Fund for the year ended 31 March 2011 which comprise the fund account, the net assets statement, the accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities, the Trustees are responsible for the preparation of the accounts and being satisfied that they show a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the accounts

In our opinion the accounts:

- show a true and fair view of the financial transactions of the fund during the year ended 31 March 2011, and of the amount and disposition at that date of its assets and liabilities, other than the 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 Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

7 October 2011

Accounts

Fund Account for the year ended 31 March 2011

	Note	Year ended 31 Mar 2011 £ million	Year ended 31 Mar 2010 £ million
Contributions and benefits			
Contributions receivable	3	85.7	154.6
Transfers in	4	0.2	0.5
		85.9	155.1
Benefits payable	5	(283.6)	(279.7)
Payments to and on account of leavers	6	(6.7)	(9.5)
Administration expenses		(8.9)	(10.0)
		(299.2)	(299.2)
Net withdrawals from dealings with members		(213.3)	(144.1)
Returns on investments			
Investment income	7	138.7	141.1
Change in market value of:			
Defined benefit section investments	8	382.3	1,225.6
Defined contribution section investments	9	0.4	1.0
Investment management expenses		(16.9)	(11.5)
Net returns on investments		504.5	1,356.2
Net increase in the Fund during the year		291.2	1,212.1
Net assets of the Fund at beginning of the year		5,493.8	4,281.7
Net assets of the Fund at end of the year		5,785.0	5,493.8

The notes on pages 39 to 49 form part of these accounts.

Accounts (continued)

Net Assets Statement as at 31 March 2011

	Note	31 Mar 2011 £ million	31 Mar 2010 £ million
Defined benefit section			
Investments assets	8	5,837.4	5,512.0
Investment liabilities	8	(50.2)	(15.3)
Net investment assets		5,787.2	5,496.7
Current assets	10	1.5	1.9
Current liabilities	11	(11.4)	(9.8)
		5,777.3	5,488.8
Defined contribution section			
Investments assets	9	7.7	5.0
Net assets of the Fund at end of year		5,785.0	5,493.8

These accounts 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, is dealt with in the assessment of the Fund's actuarial situation on page 35 and the actuarial certificate on page 52 and these accounts should be read in conjunction with them.

For Unilever UK Pension Fund Trustees Limited
The Trustee of the Fund

E AIREY
Chairman

A ROWELL
Secretary

7 October 2011

The notes on pages 39 to 49 form part of these accounts.

Notes to the Accounts

1) Basis of Preparation

The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. The accounts have been prepared in accordance with the Statement of Recommended Practice for Financial Reports of Pension Schemes (revised May 2007).

2) Accounting policies

The following are the key accounting policies that have been adopted in the preparation of the accounts.

a) Investments

Investments are included at their fair value as set out below.

Quoted equities 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 on which they are quoted, at the end of the year.

Accrued interest is excluded from the market value of fixed interest securities but is included in investment income receivable.

Private equity investments are valued by the investment manager, Pantheon Ventures. The valuation is based on the latest investor reports and accounts provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports. The reasonableness of these valuations is considered by Pantheon in the light of other available knowledge and corroborative evidence. Quoted investments within the private equity portfolio are valued at bid price on the relevant stock exchange.

A discount may be applied where trading restrictions apply to such securities. Other unquoted securities including investments in hedge funds are included at the Trustees' estimate of fair value based on the valuations provided by the fund managers.

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.

Properties are valued quarterly by independent Chartered Surveyors on an open market basis as defined by the Royal Institute of Chartered Surveyors. No provision is made for property depreciation or amortisation.

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 change in market value. The fair value, being the unrealised profit or loss on the contracts, is shown as a separate line within investments.

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. Amounts outstanding in respect of 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". The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.

Additional voluntary contribution and defined contribution investment assets are valued at the valuation as advised by the relevant provider.

Transaction costs are included in the cost of investments purchased or deducted from the proceeds of investments sold. Where some part of these transactions' costs is subsequently recovered, the proceeds are credited to the change in market value of investments.

Realised and unrealised gains/losses arising from changes in market values are taken directly to the Fund Account.

Securities that were on loan at the end of the year are included in the net asset statement to reflect the Fund's ongoing economic interest in such securities.

b) Foreign currency translation

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

Where forward sales of foreign currency have been made 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 values of investments, together with realised gains and losses on forward contracts maturing during the year.

c) Investment income

Dividends and interest from investments are accounted for on an ex-dividend basis. Interest on deposits and fixed interest investments and property rents are accounted for on an accruals basis.

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

Accounts (continued)

d) Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due under the Schedule of Contributions.

Deficit, additional and augmentation contributions from the employer are accounted for in accordance with the agreement under which they are paid.

Additional voluntary contributions from members are accounted for in the month deducted from the payroll.

e) Benefits payable

Benefit payments are accounted for 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 Scheme as appropriate.

f) Transfer values

Transfer values represent capital sums received or paid. Transfer values are accounted for when the liability is accepted by the receiving scheme.

g) Expenses

Administration and Investment management fees are accounted for on an accruals basis.

3. Contributions receivable

	Year ended 31 Mar 2011 £ million	Year ended 31 Mar 2010 £ million
Employers:		
Normal – DB	55.7	55.6
Normal – DC	2.2	1.6
Deficit contributions	10.0	64.0
Augmentations – Part time workers	0.3	1.2
Additional contributions	1.2	27.4
Augmentations	15.1	2.9
	84.5	152.7
Members:		
Normal	0.1	0.2
Additional voluntary	1.1	1.7
	1.2	1.9
Total contributions	85.7	154.6

Current year additional contributions are in respect of the PPF Levy. Prior year additional contributions also included augmentations on termination of service which have been included in augmentations in the current year.

4. Transfers in

	Year ended 31 Mar 2011 £ million	Year ended 31 Mar 2010 £ million
Individual transfers in from other schemes	0.2	0.5
	0.2	0.5

5. Benefits payable

	Year ended 31 Mar 2011 £ million	Year ended 31 Mar 2010 £ million
Pensions	(264.3)	(250.2)
Lump sum retirement benefits	(17.7)	(28.1)
Lump sum death benefits	(1.6)	(1.4)
	(283.6)	(279.7)

6. Payments to and on account of leavers

	Year ended 31 Mar 2011 £ million	Year ended 31 Mar 2010 £ million
Individual transfers to other schemes	(6.7)	(9.5)
	(6.7)	(9.5)

7. Income from investments

	Year ended 31 Mar 2011 £ million	Year ended 31 Mar 2010 £ million
Income from fixed interest securities	36.1	37.2
Dividends from ordinary shares	51.9	53.9
Income from private equity investments	0.4	0.1
Income from pooled investments	34.0	26.8
Interest on short term deposits	0.7	0.9
Property rents less expenses	17.4	20.3
Other income	(1.8)	1.9
	138.7	141.1

Other income is negative in the current year due to a recovery of reclaimed tax by HMRC.

Accounts (continued)

8. Investment assets and liabilities – Defined benefit section

	31 Mar 2011 £ million	31 Mar 2010 £ million			
Investment assets					
Fixed interest securities	314.3	658.2			
Index linked securities	422.6	203.0			
Quoted equities	1,911.9	2,248.2			
Private equity funds	415.8	358.9			
Hedge funds	374.5	368.7			
Pooled investment vehicles	1,810.7	1,143.9			
Derivative contracts	19.2	27.1			
Property	375.5	363.1			
AVC investments	19.9	19.3			
Cash and other investment assets	173.0	121.6			
Total investment assets	5,837.4	5,512.0			
Investment liabilities					
Derivatives contracts	(7.2)	(3.2)			
Cash and other investment liabilities	(43.0)	(12.1)			
Total investment liabilities	(50.2)	(15.3)			
Net investment assets	5,787.2	5,496.7			
Net investment assets					
	Market value at 1 Apr 10 £ million	Purchases at cost and Derivative Payments £ million	Proceeds of sales and Derivative Receipts £ million	Change in market value £ million	Market value at 31 Mar 11 £ million
Fixed interest securities	658.2	812.3	(1,157.7)	1.5	314.3
Index linked securities	203.0	905.3	(702.8)	17.1	422.6
Quoted equities	2,248.2	2,754.2	(3,210.8)	120.3	1,911.9
Private equity funds	358.9	77.8	(64.1)	43.2	415.8
Hedge funds	368.7	–	–	5.8	374.5
Pooled investment vehicles	1,143.9	758.7	(172.5)	80.6	1,810.7
Derivative contracts	23.9	350.0	(457.8)	95.9	12.0
Property	363.1	4.1	(25.1)	33.4	375.5
AVC investments	19.3	0.6	(1.1)	1.1	19.9
	5,387.2	5,663.0	(5,791.9)	398.9	5,657.2
Cash and other investment assets	121.6			(16.6)	173.0
Cash and other investment (liabilities)	(12.1)				(43.0)
	5,496.7			382.3	5,787.2

Transaction costs incurred in the year including brokerage charges, stamp duty on property purchases and other costs amounted to £3.9m (2010: £6.1m). In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles.

Fixed interest securities

	31 Mar 2011 £ million	31 Mar 2010 £ million
UK public sector quoted	0.8	232.7
UK other quoted	152.0	195.3
Overseas other quoted	161.5	230.2
	314.3	658.2

Index linked securities

	31 Mar 2011 £ million	31 Mar 2010 £ million
UK public sector quoted	417.7	203.0
Overseas government	4.9	–
	422.6	203.0

Quoted equities

	31 Mar 2011 £ million	31 Mar 2010 £ million
UK	234.4	340.3
Overseas	1,677.5	1,907.9
	1,911.9	2,248.2

Private equity funds

	31 Mar 2011 £ million	31 Mar 2010 £ million
UK – managed UK	0.9	1.7
Overseas – managed overseas	414.9	357.2
	415.8	358.9

Pooled investment vehicles

	31 Mar 2011 £ million	31 Mar 2010 £ million
Managed funds – managed overseas	1,645.9	1,107.4
Unit trust – property – managed UK	164.8	36.5
	1,810.7	1,143.9

Accounts (continued)

Derivatives contracts

	31 Mar 2011	31 Mar 2011	31 Mar 2010	31 Mar 2010
	Assets	Liabilities	Assets	Liabilities
	£ million	£ million	£ million	£ million
Futures contracts	7.2	–	0.1	–
Swaps	4.2	–	–	–
Forward foreign currency contracts	7.8	(7.2)	25.1	(1.3)
Options	–	–	1.9	(1.9)
	19.2	(7.2)	27.1	(3.2)
Net derivatives	12.0		23.9	

Futures contracts

	Expires	Nominal value £ million	31 Mar 2011	31 Mar 2011
			Assets	Liabilities
			£ million	£ million
Fixed interest – UK	3 mths	7.0	–	–
Equity Index – UK	3 mths	11.8	–	–
Equity Index – overseas	1 mth	19.2	0.1	–
Equity Index – overseas	3 mths	214.4	7.1	–
			7.2	–

SWAPS

	Expires	Nominal value £ million	31 Mar 2011	31 Mar 2011
			Assets	Liabilities
			£ million	£ million
Inflation Swap – RPI	2040-2044	38.0	1.2	–
Inflation Swap – RPI	2045-2049	33.0	1.1	–
Inflation Swap – RPI	2050-2054	29.2	1.0	–
Inflation Swap – RPI	2055-2059	26.6	0.8	–
Inflation Swap – RPI	2060-2064	5.1	0.1	–
			4.2	–

Forward foreign currency contracts

Settlement Date	Currency Bought	Currency Bought million	Currency Sold	Currency Sold million	31 Mar 2011 Assets £ million	31 Mar 2011 Liabilities £ million
Up to 1 month	AUD	2.5	GBP	1.6	-	-
1 to 3 Months	AUD	14.0	GBP	8.7	0.3	-
1 to 3 months	CAD	7.1	JPY	599.5	0.1	-
Up to 1 Month	CHF	0.7	GBP	0.5	-	-
1 to 3 Months	CHF	6.9	GBP	4.5	0.2	-
Up to 1 Month	EUR	8.1	GBP	7.1	0.1	-
1 to 3 months	EUR	28.1	GBP	23.7	1.1	-
Up to 1 month	EUR	0.1	USD	0.1	-	-
Up to 1 Month	GBP	91.7	AUD	143.9	-	(0.8)
1 to 3 Months	GBP	41.9	AUD	67.5	-	(1.2)
Up to 1 Month	GBP	21.2	CAD	33.1	-	-
Up to 1 Month	GBP	19.5	CHF	28.6	-	(0.1)
1 to 3 Months	GBP	2.2	CHF	3.4	-	(0.1)
Up to 1 month	GBP	0.1	DKK	0.6	-	-
Up to 1 Month	GBP	464.6	EUR	527.7	-	(2.5)
1 to 3 Months	GBP	60.5	EUR	70.4	-	(1.9)
Up to 1 Month	GBP	40.3	HKD	502.4	-	-
Up to 1 Month	GBP	180.7	JPY	23666.7	2.5	-
1 to 3 Months	GBP	21.4	JPY	2798.0	0.3	-
Up to 1 month	GBP	0.2	KRW	303.5	-	-
Up to 1 month	GBP	0.1	MXN	2.2	-	-
1 to 3 Months	GBP	3.4	MXN	66.5	-	-
Up to 1 Month	GBP	2.1	NOK	19.2	-	-
Up to 1 month	GBP	0.5	TRY	1.1	-	-
Up to 1 Month	GBP	1249.2	USD	1999.4	1.8	(0.3)
1 to 3 Months	GBP	29.3	USD	47.2	-	(0.2)
1 to 3 months	JPY	159.3	CAD	1.9	-	-
1 to 3 months	JPY	159.3	NOK	11.0	-	-
1 to 3 months	JPY	159.3	SEK	12.4	-	-
1 to 3 months	NOK	40.8	JPY	598.0	0.1	-
Up to 1 Month	SEK	31.7	GBP	3.1	-	-
1 to 3 Months	SEK	20.3	GBP	2.0	-	-
1 to 3 Months	SEK	46.2	JPY	598.1	0.1	-
Up to 1 Month	USD	3.2	GBP	2.0	-	-
1 to 3 Months	USD	248.5	GBP	153.9	1.2	-
1 to 3 Months	USD	6.0	KRW	6716.3	-	(0.1)
					7.8	(7.2)

Accounts (continued)

Options

	Expires	Purchase/Sale	Notional Holding £ million	31 Mar 2011 Assets £ million	31 Mar 2011 Liabilities £ million
Currency Call Option GBP/USD	1 mth	Purchase	100	–	–
				–	–

Property

Property is valued in accordance with the accounting policy. An independent valuation took place as at 31 March 2011. All property leases are subject to rent review within five years. All direct property investments are in the UK.

AVC investments

The Fund provides the facility for members to pay Additional Voluntary Contributions (AVCs) to purchase additional benefits on a money purchase basis. The money purchase AVCs are separately invested for the benefit of individual members who can choose from a range of investment options. Members are advised individually about the value of their money purchase investments by the AVC provider. The aggregate amounts of AVC investments are as follows:

	31 Mar 2011 £ million	31 Mar 2010 £ million
Santander	0.5	0.7
Equitable Life	3.9	3.8
Prudential	0.8	0.7
Standard Life	3.5	3.3
Zurich Assurance	11.2	10.8
	19.9	19.3

Cash and other investment assets

	31 Mar 2011 £ million	31 Mar 2010 £ million
Cash deposits	115.1	97.1
Cash margin	–	0.5
Amounts due from brokers	40.9	4.5
Accrued income	17.0	19.5
	173.0	121.6

Cash deposits consist of £96.6m (2010:£66.2m) of cash with investment managers, £13.5m (2010:£17.0m) of cash held in cash funds, and £5.0m (2010:£13.9m) of cash in overnight deposits.

Cash and other investment liabilities

	31 Mar 2011 £ million	31 Mar 2010 £ million
Bank overdraft	(0.2)	(0.3)
Cash margin	(7.5)	–
Amounts due to brokers	(30.3)	(7.3)
Deferred income	(5.0)	(4.5)
	(43.0)	(12.1)

Stocklending

The Fund participates in a stock lending programme managed by the Custodian, The Northern Trust Company. The value of securities on loan at 31 March 2011 was £122.7m (31 March 2010: £162.1m) in exchange for which the Custodian held collateral worth £133.2m (31 March 2010: 171.0m). The collateral consists of eligible securities and letters of credit and forms part of Northern Trust's UK Core Collateral pool.

9. Investment assets – Defined contribution section

During 2007/8 the Trustees established a section of the Fund known as the Career average plan. This section is a defined benefit arrangement but members also contribute to an Investing plan managed by FIL Pensions Management, which operates on a defined contribution basis. Investments held in the Investing plan are specifically designated to individual members.

	Year ended 31 Mar 2011 £ million	Year ended 31 Mar 2010 £ million
Pooled investment vehicles		
UK managed funds		
Balance at beginning of year	5.0	2.4
Purchases at cost	3.0	2.9
Proceeds from sales	(0.7)	(1.3)
Change in market value	0.4	1.0
Balance at end of year	7.7	5.0

10. Current assets

	31 Mar 2011 £ million	31 Mar 2010 £ million
Sundry debtors	1.5	1.9

11. Current liabilities

	31 Mar 2011 £ million	31 Mar 2010 £ million
Sundry creditors	(11.4)	(9.8)

Accounts (continued)

12. Commitments

At the end of the year the Fund had capital commitments relating to private equity investments of £341.0m (31 March 2010: £441.1m) and indirect property investments of £2.3m (31 March 2010: £127.3m).

13. Related party transactions

In 2008 the Fund appointed an independent Chair who was remunerated during the year at a rate of £65,000 per annum (increasing to £70,000 from 1 June 2011). An honorarium of £5,000 is paid to each Trustee who is no longer employed by a participating Employer. Total fees paid in the year ended 31 March 2011 were £90,000 (2010: £90,000). Certain Trustees receive a pension from the Fund as a result of service with a participating Employer.

Within administration costs, £6.7 million was paid to Unilever UK Central Resources Limited in respect of the services provided by Unilever UK Pensions (2010: £7.9 million)

There were no significant amounts due to / from Unilever at 31 March 2011.

Included in Sundry debtors is an amount of £39,000 relating to pensions due from Uniac Pension Fund but paid by the Unilever UK Pension Fund. These payments were reimbursed by Uniac Pension Fund after the year end.

The Fund received £53,000 in rent (2010: £46,000) from Unilever UK Holdings Ltd, who are a tenant at one of the Fund's property investments. This tenancy is on a commercial arms-length basis on standard terms and is managed by the Fund's property manager.

There are no direct fees paid by the Fund in respect of the Uninvest Pools, but costs are incurred by these funds and are reflected in the unit pricing.



Schedule of Contributions

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 Richard Whitlam, the Scheme Actuary, and after obtaining the agreement of Unilever PLC, the Principal Company. It comes into effect on the date it is certified by the Scheme Actuary and covers the period from the date it is certified to 31 March 2018.

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 Final Salary Members

- a. Until 31 December 2011, 24.1% of *Pensionable Pay of Final Salary Contributors* less any Employee Contributions as set out in paragraph 8;
- b. From 1 January 2012, 23.5% of *Pensionable Pay of Final Salary Contributors* less any Employee Contributions as set out in paragraph 8;
- c. An additional 1.5% of *Contribution Pay for Final Salary Contributors* who have elected to pay 5% LPI Buyback Contributions under Part C Rule C1A;
- d. Until 31 December 2011, 1.9% of *Pensionable Pay of UPB Active Members*;
- e. From 1 January 2012, 1.7% of *Pensionable Pay of UPB Active Members*.

Active CARE/DC Members

- f. Until 31 December 2011, 20.5% of *Covered CARE Earnings of CARE/DC Contributors*, plus 12.5%, or such other percentage as is provided for under Part E Rule C1, of Covered DC Earnings;
- g. From 1 January 2012, 13.4% of *Covered CARE Earnings of CARE/DC Contributors*, plus 12.5%, or such other percentage as is provided for under Part E Rule C1, of Covered DC Earnings;
- h. Contributions required in accordance with Part D, Rule H1(a).

All Members

- i. Contributions payable in respect of members who are in *Pensionable UCA Service* who would otherwise be paying voluntary contributions under Part E Rule C2; and
- j. Whatever contributions as the Principal Company so decides in respect of Part E Rule C1(b)(ii)(A).

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 Trustee requesting such payment once the levy invoice has been agreed each year.

For members seconded overseas who continue in *Pensionable Service*, contributions will be based on the most recent notional home *Pensionable Pay* figure at 1 April reported to Unilever UK Pensions Department except for members whose UUKPF benefits are materially offset by benefits earned overseas in which case no contributions are payable. 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 of the relevant calendar year, or fund year, as the case may be.

Each participating 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 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. Employer Contributions – shortfall in funding

In respect of the shortfall in funding in accordance with the recovery plan dated 8 March 2011 following the actuarial valuation as at 31 March 2010, the *Principal Company* will additionally contribute (or procure to be contributed) to the UUKPF amounts such that at each anniversary of the valuation date, the cumulative amount of these contributions is no less than it would have been had contributions been paid at the rate of £50M per annum from the valuation date, less any existing pre-payment (originally intended to fund the transfer of previously unfunded benefits into the UUKPF and valued at £57.6m at 1 April 2010) that the Principal Company directs shall not be used for its originally intended purpose, and should therefore be included in the assets available to meet the statutory funding objective. For the avoidance of doubt, such a reallocation at the Principal Company's direction shall be considered a payment of additional employer contributions for the purpose of this paragraph, and any subsequent transfer of unfunded benefits into the UUKPF, in excess of any remaining pre-payment, must be funded by contributions in accordance with the relevant paragraphs of this Schedule of Contributions.

5. Adjustments to Employer Contributions under agreed Annual Update and Re-assessment (AUR) approach

Following the UUKPF's actuarial valuation as at 31 March 2010, and in advance of the next formal valuation, the Trustees will obtain an actuarial report on developments affecting the funding level as at each intermediate anniversary of the valuation date conforming with Part 3 of the Pensions Act 2004.

In addition to and separate from the actuarial report, there will be an annual update and re-assessment (AUR) as at each 31 December until the next formal valuation has been completed, which may give rise to adjustments to the required employer contributions under an AUR approach agreed between the Principal Company and Trustees.

Under this AUR approach:

- additional contributions can become payable if the IAS19 funding level* develops less favourably than anticipated.
- employer contributions can be reduced or suspended if the IAS 19 funding level* develops more favourably than anticipated, and there is a surplus on the technical provisions basis.

This AUR approach will cease once the next formal valuation has been completed. A revised or the same AUR approach may operate thereafter, if agreed at that time by the Trustees and the Principal Company.

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

The participating 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.

7. Section 75 Debts

Where an “employer cessation event” occurs in relation to an employer participating in the UUKPF, legislation provides that the employer is liable for its share of the buy-out deficiency, determined in accordance with Section 75 of the Pensions Act 1995, at that time. This is known as a Section 75 debt and is specified in Section 75 of the Pensions Act 1995 and corresponding regulations. If an amount is determined to be payable under the application of Section 75 and the corresponding regulations, then:

- where it arises as a result of internal reorganisation (i.e. where the employees concerned remain employed by a company somewhere within the Unilever Group), the

amount payable will be considered (but only for the purposes of calculating the employers’ future liability for contributions under this schedule) as advance payment of the employer contributions set out in 3 above or any additional contributions envisaged by 4 above and not an additional amount.

- where it arises as a result of a disposal of the employer by the Unilever Group such that the employer ceases to be within any part of the Unilever Group, the amount payable will be in addition to the employer contributions set out in 3 above or any additional contributions envisaged by 4 above.

The employer in relation to which the “employer cessation event” occurs will pay the amount payable within 30 days of being notified by the Scheme Actuary of the amount after it has been determined in accordance with Section 75 of the Pensions Act 1995.

8. Employee Contributions

Employees who are active members of the UUKPF, except those to whom Part C Rule C1(a)(iv) or Part D Rule C1(a)(iv) applies, will contribute to the UUKPF at the rate of:

7% of Contribution Pay for Final Salary Contributors, or such higher rate as the Principal Company agrees with the Contributor in question under Part C Rule C1(a);

Employee contributions for members to whom Part C Rule C1(a)(iv) or Part D Rule C1(a)(iv) applies, (i.e. members who participate in the *Unilever Contribution Arrangement*), and members seconded overseas will be nil.

For weekly paid members, changes in contribution rates will be introduced from the first full week of the relevant calendar year or Fund year, as the case may be.

These amounts do not include members’ *Additional Voluntary Contributions*.

The participating 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

Name: **R C HAZELL**
Capacity: **DULY AUTHORISED ATTORNEY**
Date: **30 March 2011**

Signed on behalf of the Scheme’s Trustees

Name: **A ROWELL**
Capacity: **SECRETARY**
Date: **31 March 2011**

* as determined using the principles and assumptions of Unilever in relation to the UUKPF at the date in question, subject to adjustments in accordance with the AUR approach agreed between the Principal Company and Trustees.

Actuarial Certification of the Schedule of Contributions

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 2010 to be met by the end of the period specified in the recovery plan dated 31 March 2011.

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 24 March 2011.

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:

Name: **Richard Whitelam**

Address: **6 More London Place,
London SE1 2DA**

Date: **31 March 2011**

Qualification: **Fellow of the Institute and
Faculty of Actuaries**

Name of employer: **Aon Hewitt Ltd**

Independent Auditors' 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 for the year ended 31 March 2011 which is set out on the following page.

Respective responsibilities of Trustees and auditors

The Trustees' responsibilities for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to provide a statement about contributions to the Fund in accordance with relevant legislation and to report our opinion to you. This report, including the statement about contributions, has been prepared for and only for the Fund's Trustees as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this statement, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Basis of statement about contributions

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant

requirements. For this purpose the work that we carried out included 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. Our statement about contributions is required to refer to those breaches of the Schedule of Contributions that we consider to be material for this statement and which come to our attention in the course of our work.

Statement about contributions to the Fund

In our opinion, the contributions payable to the Fund during the year ended 31 March 2011 as reported in the summary of contributions on the following page, have in all material respects been paid from 1 April 2010 to 30 March 2011 in accordance with the Schedule of Contributions certified by the Actuary on 5 February 2008, and for 31 March 2011 in accordance with the Schedule of Contributions certified by the Actuary on 31 March 2011.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

7 October 2011

Summary of Contributions payable

For the Year Ended 31 March 2011

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

	Members £ million	Employer £ million
<i>Required by the Schedule of Contributions</i>		
Normal	0.1	57.9
Deficit contributions	–	10.0
Augmentation – Part time workers	–	0.3
Additional contributions	–	1.2
Augmentation	–	15.1
Total	0.1	84.5
<i>Other contributions payable</i>		
Additional voluntary contributions	1.1	–
Total reported in Fund Account	1.2	84.5

The schedule of contributions recognises that additional contributions of £200m paid by the Company during the year ended 31 March 2009 were available to offset against future contributions that may become due under the Schedule of Contributions and other benefits that are currently unfunded. With agreement of the Scheme Actuary and the Company, the Trustees have utilised £40m of the additional 2009 contributions together with £10m of deficit contributions to meet the £50m deficit contributions payable on 31 March 2011.

After utilising this £40m of the 2009 additional contributions, the Scheme Actuary has calculated the balance remaining at 31 March 2011 to be £16.7m.

Signed on behalf of the Trustees:

E AIREY
Chairman

A ROWELL
Secretary

7 October 2011

Membership statistics

	2010/11	2009/10
Final salary ordinary active Members:		
Normal contributory members at 1 April	5,403	5,858
(Less)/plus adjustments from opening position ¹	(8)	4
New members	1	2
New members (returning from the EU)	16	20
Members becoming EU expats	(9)	(8)
Members leaving service taking a refund of contributions	–	(6)
Members leaving service or opting-out and preserving benefits	(227)	(251)
Members becoming Career average active	–	–
Members becoming UPB active	(3)	(1)
Retirements at or before normal retirement age	(85)	(211)
Deaths	(3)	(4)
Number at 31 March	5,085	5,403
Final salary UPB active members:		
UPB active members at 1 April	36	40
(Less)/plus adjustments from opening position ¹	1	1
Normal contributory members who became UPB active members	3	1
New members returning from the EU	–	1
Members becoming EU Expats	(1)	–
Member leaving service and preserving benefits	(6)	(2)
Retirements at or before normal retirement age	(8)	(5)
Deaths	–	–
Number at 31 March	25	36
Career average Active Members		
Career average active members at 1 April	1,012	658
Less adjustments from opening position ¹	(18)	(13)
New members	947	408
Members leaving service taking a refund of contributions	(40)	(28)
Member leaving service and preserving benefits	(34)	(9)
Retirements at or before normal retirement age	–	(1)
Other terminations / cessations	–	(2)
Deaths	–	(1)
Number at 31 March	1,867	1,012

	2010/11	2009/10
Final salary ordinary deferred pensioners:		
Deferred pensioners at 1 April	38,398	40,044
Less adjustments from opening position ¹	(114)	(139)
New leavers with preserved benefits	227	251
Transfers out	(64)	(65)
Retirements	(1,198)	(1,626)
Deaths	(56)	(53)
Commutations and refunds	–	(1)
Active members becoming deferred when became EU expats	9	8
Deferred members returning to active status on leaving the EU	(16)	(20)
Deferred members returning to/becoming UPB active status on leaving the EU	–	(1)
Number at 31 March	37,186	38,398
Final salary UPB deferred pensioners:		
UPB deferred pensioners at 1 April	6	6
Less adjustments from opening position ¹	(1)	(1)
New leavers with preserved benefits	7	2
Retirements	(1)	(1)
Number at 31 March	11	6
Career average deferred pensioners:		
Deferred pensioners at 1 April	17	9
Plus adjustments from opening position ¹	3	–
New leavers with preserved benefits	34	9
Transfers out	(2)	(1)
Number at 31 March	52	17
Final salary and Career average pensioners:		
Pensioners at 1 April	44,055	44,080
Plus/(less) adjustments from opening position ¹	2	(11)
New retirements ²	1,292	1,844
New spouses	578	566
New dependants	3	3
New children	9	14
Deaths	(1,837)	(1,866)
Termination of child pensions	(15)	(14)
Other terminations / cessations	(455)	(561)
Number at 31 March²	43,632	44,055

¹ These relate to movements with an effective date before 1 April 2010, but because of pipeline delays they were processed after the accounts for last year were finalised.

² One Career average pensioner included.



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