Unilever UK Pension Fund

Seventh Report and Statement of Accounts

For the year ended 31 March 2007

Unilever

Contents

Unilever UK Pension Fund

Established under a definitive Trust Deed dated 31 January 2000

Seventh Report and Statement of Accounts
For the year ended 31 March 2007

Scheme Details

The Unilever UK Pension Fund (UUKPF), which was established under a definitive Trust Deed dated 31 January 2000, provides pensions and lump sums to members on their retirement and to their spouses, children and dependants, in the event of their death before or after retirement. The Principal Company is Unilever PLC.

The Trustee of the Fund is a trustee company, Unilever UK Pension Fund Trustees Limited. The power to remove the Trustee and to appoint a new Trustee or additional Trustees is vested jointly in Unilever PLC and Unilever UK Pension Fund Trustees Limited. Unilever UK Pension Fund Trustees Limited has a Board of 14 Directors of whom seven, including the Chairman, are appointed by Unilever PLC, six are elected by employee delegates and one is elected by eligible pensioners. In addition, there are six Substitute Directors elected by employee delegates and two Substitute Directors elected by eligible pensioners. Elected Directors and Substitute Directors hold office for a term of four years.

Elections for the Directors and Substitute Directors for the South and East area were held at the Delegates' Conference in March 2006. Elections for the Directors and Substitute Directors for the North and West area are scheduled to be held at the Delegates' Conference in 2008. Elections for the Pensioner Director and Substitute Pensioner Directors are scheduled to be held in December 2008.

It should be noted, however, that given the requirements of the 2004 Pensions Act the appointment basis for the member-elected Trustee Directors is being reviewed during 2007.

Throughout this report references to 'the Trustees' mean the Directors of Unilever UK Pension Fund Trustees Limited.

Certain of the Trustees' powers of investment of the assets of the Fund are exercised on behalf of the Trustees by the Investment and Finance Committee. However, the full Trustee Board retains full responsibility for the investments and reserves certain investment matters for decision by itself.

During 2006, the Trustees reviewed their governance structure and established two new committees: the Governance Committee and the Operations and Benefits Committee, and also extended the terms of reference of the Investment Committee to include finance issues.

Value of the Fund 1998 – 2007
as at 31 March 2007

1998 – 2000 Unilever Superannuation Fund
2001 – 2007 Unilever UK Pension Fund

Trustees and Advisors

as at 31 March 2007

Directors of Unilever UK Pension Fund Trustees Limited

[1]Appointed by Unilever PLC
[2]Elected by employee delegates
[3]Elected by eligible pensioners


Gavin Neath (Chairman)[1]


James Barnes[1]


Roger Bevan[2]


Richard Clark[3]


Steve Cutting[2]


Richie Furlong[1]


David Ivison[2]


David Jones[2]


Wendy Mayall[1]


Jimmy McGovern[1]


Robert Mickley[2]


Mike Samuel[1]


David Saunders[2]


Mark Shadrack[1]

Fund Secretary

Andrew Rowell

Governance Committee

as at 31 March 2007

Mike Samuel (Chairman)

James Barnes

Roger Bevan

Richard Clark

Andrew Rowell (Secretary)

Investment and Finance Committee

as at 31 March 2007

Wendy Mayall (Chairman)

Nigel Biggs

Steve Cutting

David Jones

Mark Shadrack

Peter Zegger

Michael Normington (Secretary)

Steve Cutting, Mark Shadrack and Peter Zegger were appointed to the Investment and Finance Committee on 13 July 2006.

Philip Lambert resigned from the Investment and Finance Committee on 30 April 2006. Jimmy McGovern resigned from the Investment and Finance Committee on 13 July 2006 and Neil Cross on 31 December 2006.

Operations and Benefits Committee

as at 31 March 2007

David Saunders (Chairman)

Richie Furlong

David Ivison

Jimmy McGovern

Sarah McAllister (Secretary)

Investment managers

Aberdeen Asset Management Limited (formerly Deutsche Asset Management Limited)

Alliance Bernstein Limited (appointed 18 December 2006)

Barclays Global Investors Limited (to 4 December 2006)

Capital International Limited (to 4 December 2006)

CB Richard Ellis Investors Limited

Goldman Sachs Asset Management International

JP Morgan Asset Management (UK) Limited (appointed 12 December 2006)

Lazard Asset Management Limited (appointed 12 December 2006)

Legal & General Assurance (Pensions Management) Limited (to 1 December 2006)

Newton Investment Management Limited (appointed 12 December 2006)

Northern Trust Luxembourg Management Company SA

Pantheon Ventures Limited

PPM Capital

Prudential M&G Investment Management Limited

Custodian

The Northern Trust Company

Administration

Administration of the Fund benefits is carried out by a combination of:

Unilever UK Pensions

Nigel Biggs (Head of UK Pensions)

Kim Northwood (Service Delivery Manager)

Andrew Rowell (Fund Secretary/ Benefits & Compliance Manager)

Michael Normington (Financial Controller)

Non member-specific enquiries should be addressed to:

Unilever UK Pensions
Walton Court
Station Avenue
Walton-on-Thames
Surrey KT12 1NT

Hewitt Associates Outsourcings Limited (formerly Hewitt Bacon and Woodrow Limited)

Non-active member-specific enquiries should be addressed to:

Unilever Pensions Team
Hewitt Bacon and Woodrow Limited
6 More London Place
London SE1 2DA

Active member-specific enquiries should be made via Unilever Peoplelink (0800 028 4390).

Scheme Actuary

Richard Whitelam FIA
(Hewitt Bacon & Woodrow Limited)

Scheme Auditor

PricewaterhouseCoopers LLP

Solicitors

Slaughter and May

Travers Smith

Schiff Hardin LLP

Cravath, Swaine & Moore LLP

Elvinger, Hoss & Prussen

Investment consultants

Frank Russell Company (to 30 June 2006)

Hewitt Bacon & Woodrow Limited

Mercer Human Resources Consulting Limited

Bankers

HSBC Bank plc

Trustees' Report

Review of the Fund year

External developments

As in recent years, in 2006/07 pension matters were rarely out of the news. The year began with the implementation of the new pension tax regime created by the 2004 Finance Act, which took effect from 6 April 2006 (A-Day). Details of the actual changes required for the UUKPF were covered in last year's report.

During the year, the new regulatory environment following the 2004 Pensions Act began to bed down with the increasing role of the new Pensions Regulator, including the issuance of various Codes of Practice to assist companies and trustees in the running of their work-based pension schemes. The year also witnessed the development of the Pension Protection Fund (PPF) as its size and the schemes covered by it increased. Please refer to the review of the Delegates' Conference for a summary of a presentation given by Richard Williams (Head of Parliamentary Affairs) on the PPF at the Conference. The PPF levy for the UUKPF in 2006/07 was £897,000.

In November 2006, the Government presented a Pensions Bill to Parliament. This Bill follows some of the recommendations of the Pensions Commission. The Bill contains provisions for, amongst other things: the gradual increase in the State Pension Age to age 68 by 2046; restoring the link between state pensions and earnings; and for a national savings scheme to be introduced, based on a defined contribution approach to pension saving. The Trustees will review the passage of the Bill to see if there are any implications for the UUKPF.

Early in 2007, the Government also launched a regulatory review of occupational pension schemes which is tasked with looking at areas including the following: risk sharing, pension increases, changes to Normal Pension Ages and modifications of existing rights. Again, the Trustees will consider any matters for the UUKPF as they emerge.

The year also witnessed more private sector employers closing their final salary schemes to new members and, in some cases, to the future accrual of existing benefits.

Fund developments

The governance framework of Committees, set up during the early part of 2006, was fully established during the year. Whilst the majority of decisions and responsibilities remain at Trustee Board level, the Committees were established to help prepare the Board for such decision making and to aid in its overall governance of the UUKPF. In particular, the Committees are expected to do a considerable amount of preparatory work on issues and to make recommendations to the Board. In addition, the Committees provide for better engagement with the Trustees by Unilever UK Pensions by higher involvement at an early stage and in the monitoring of activities. The principal issues faced by these Committees and the Trustee Board in general were as follows:

- Governance

As a matter of course, the Governance Committee reviewed and/or made recommendations in relation to business planning, monitoring conflicts of interest, budget issues and any potential whistleblowing situations.

In addition, the Committee helped progress a risk register to help identify areas of potential risk, documenting the controls to mitigate those risks and identifying any further actions required. This work continues in 2007, and will ensure that the UUKPF's arrangements are aligned with The Pension Regulator's issued guidance in respect of internal controls for well-run occupational pension schemes.

The Committee also reviewed the Fund's approach to Trustee Knowledge and Understanding to ensure that the UUKPF operates in accordance with The Pension Regulator's guidance. This included setting up a formal induction programme for new Trustees.

The Committee also worked with UUKP to produce a 'bible' of key Trustee documents. This has been extended by the creation of an electronic register of key Trustee documents, both historical and current, which will enable the Trustees to have easy access to such documents.

The Committee also commenced work on reviewing the UUKPF's appointment basis for member-nominated Trustees, in the light of new legislation from the 2004 Pensions Act and a recently completed Code of Practice from The Pensions Regulator. This review will be completed during 2007.

• Investment and Finance

The Investment and Finance Committee continued with its previous investment terms of reference. Indeed, during the year it was very active in making recommendations to the Board to reorganise a large proportion of the Fund's investments to include, amongst other things, a greater level of diversification. Details of these changes are included in the Investment Report.

Although discussed primarily at full Trustee Board level, following the completion of the 2005 valuation, the company and Trustees explored ways of providing greater backing for the UUKPF from Unilever PLC, as opposed to other Unilever subsidiary companies. Those discussions resulted in a change to the rules which, in certain circumstances, mean that Unilever PLC is now responsible for a greater share of any funding deficit.

An actuarial valuation will be undertaken as at 31 March 2007 and this will be under the new scheme-specific funding regime. The Pensions Regulator has issued a Code of Practice to assist companies and Trustees in discharging their duties under this new regime.

• Operations and Benefits

As a standing agenda item, the Operations and Benefits Committee, working with UUKP, closely reviews the performance of Hewitt Associates Outsourcings Ltd, the Fund's third-party pensions administrator. Whilst there were some difficulties with Hewitt meeting its service level agreement deadlines during the year, there were several significant positive achievements, in particular: Hewitt's response to delivering the changes in benefits brought about by the new tax regime, the outsourcing of systems to Hewitt, reacting to the increasing number of requests from individual members and other special projects during the year.

The Committee provided input to the UUKPF's regular publications to members and to the Fund's first Summary Funding Statements in September 2006 (as required under the 2004 Pensions Act). For the UUKPF, this meant sending Statements to all members of the Fund (for whom addresses are held), giving information on the funding level of the UUKPF (ie. the balance between the Fund's assets and its liabilities). Summary Funding Statements are now scheduled to be sent to members at approximately yearly intervals.

During the year, the Committee commenced an interim review of the UUKPF's AVC providers. This resulted in certain changes to the investment funds available via the arrangement with Zurich Assurance.

The Committee also spent considerable time reviewing advice from UUKP/the Fund's legal advisors regarding the potential implications of the Employment Equality (Age) Regulations 2006 that came into effect on 1 December 2006. In summary, these regulations prohibit direct and indirect discrimination on grounds of age. However, the regulations allow for specific exceptions and/or objective justification exemptions that might apply. The effect of these regulations on the UUKPF rules, to date, is covered in the changes to the Trust Deed and Rules section found on page 10.

During the year, the Trustees and the company agreed to change the rules regarding the determination of the Fund's commutation factors, used to exchange pension for lump sum on retirement, and to amend the factors themselves. Also, in December 2006, the company changed the way in which its discretion is applied to the early-retirement reduction for certain deferred members who retired after 31 December 2006.

Finally, and probably most importantly, at the end of the Fund year, the Trustees started to consider certain benefit changes to the UUKPF proposed by the company. These proposed changes were announced by the company to employees on 1 March 2007 and are subject to agreement with the Trustees and formal consultation (by the company) with employee representatives.

Conduct of Trustees' business

The Trustees normally hold quarterly meetings to conduct the business of the Fund, which include reviewing the performance of the Fund's assets. Further meetings were held in May 2006 (instead of a planned strategy/briefing day) and February and March 2007 to consider, among other things, the company's proposal for benefit changes.

The Trustees held an additional training meeting in September 2006, which was also attended by Substitute Trustees.

Three Committees (Governance, Operations and Benefits, and Investment and Finance) were established at the start of 2006. These Committees meet on a quarterly basis.

Changes to the Board of Trustees

Ian Dettmer and David Heath resigned as Substitute Trustees on 31 October 2006. Robert Mickley was co-opted to replace David Heath on 1 March 2007.

Terry Thomas resigned as a Trustee on 23 March 2007 and Robert Mickley was appointed to the full Board of Trustees on 24 March 2007.

Peter Rowley resigned as a Substitute Trustee on 16 June 2006 and Julian Dawe was co-opted to replace him on 1 December 2006.

There were no other changes to the Trustees or Substitute Trustees during the year. A full list of the Trustees and Substitute Trustees in office on 31 March 2007 appears in the Compliance Statement on page 27.

Delegates' Conference

The annual Delegates' Conference was held in Birmingham on 22-23 March 2007. Around 35 delegates attended and were joined by a number of the company-appointed Trustees, the pensioner-elected Trustee, and Substitute Trustees. A number of HR representatives from around the UK also attended, together with the Unilever UK Pensions management team.

Gavin Neath, the Chairman of the Trustee Board, opened the conference and introduced the guest speakers:

- Richard Williams from the Pension Protection Fund (PPF) and
- Jon Hettrick, Unilever HR Director for Supply Chain in the UK.

Nigel Biggs, Head of Unilever UK Pensions, followed by providing an overview of the current pensions environment in the UK and developments in relation to the Fund over the past year. In particular, Nigel focused on the external developments affecting pensions in the UK including the Government White Paper on pensions, the development of the Pension Protection Fund and the Pensions Regulator, as well as the changing pensions market in the UK.

Nigel then went on to look at the challenges/issues that the Fund faced during 2006, and what lay ahead in 2007.

The expected issues of most significance for 2007 include: a review of the Trustee board structure/selection basis for member-nominated Trustees; the forthcoming Fund actuarial valuation; a review of the investment strategy and a review of the administration service approach and standards.

Finally, Nigel outlined the proposed changes to the UUKPF that were presented to the Trustees by the company in February, and the process that needs to be followed with regard to the proposed changes.

The first guest speaker, Richard Williams from the Pension Protection Fund (PPF), gave a presentation introducing the PPF and covering four main areas:

- Assessment – how schemes come to the PPF
- Compensation – what benefits are paid by the PPF
- Levy – how the PPF raises the money it needs
- Investment – how the PPF currently invests its assets.

The conference then heard from chairs of two of the sub-committees – David Saunders (chair of the Operations and Benefits Committee), and Mike Samuel (chair of the Governance Committee). David and Mike presented an overview of the work carried out by the respective Committees in 2006 and expected issues for 2007.

Day two of the conference started with a presentation on the Investment Report for the Fund from Wendy Mayall, Chief Investment Officer. Wendy noted that the Fund had enjoyed a positive investment return over the 2006 calendar year, although the Fund had slightly underperformed with regard to its benchmark, over that one-year period. Over the five-year and ten-year periods, however, the Fund had outperformed its benchmark.

Wendy went on to summarise the Fund's investment strategy and management structure, and finished by stating that, in 2007, the two main issues facing the investment side of the Fund were the actuarial valuation and the investment strategy review.

Further details on the Fund's investments can be found on page 12.

Jon Hettrick, HR Director for UK Supply Chain then gave the final presentation of the conference on the consultation process for the proposed changes to the Fund. Jon explained that the basis of consultation was determined by new regulations, and that it is important that appropriate representatives are consulted. He explained that the current delegate structure did not meet the requirements of the consultation regulations.

During the course of the conference, a series of workshops were run to help educate delegates. These workshops covered the following areas:

- An overview of the risk management approach being undertaken by the Unilever UK Pensions Team/the Trustees;
- A summary of changes to benefits that occurred during 2006 (in particular: commutation factors and the review of deferred early-retirement ages);
- An overview of issues that members approaching retirement should consider. (This workshop was presented by Derek Wildey of The Retirement Counselling Service – operator of the Unilever State Benefits Helpline.)

Scheme membership

The membership numbers as at 31 March 2007 were as follows:

	2007	2006
Contributing members	**7,193**	8,813
UPB* active members	**46**	–
Deferred members	**42,999**	42,189
UPB* deferred members	**2**	–
Pensioners	**44,418**	44,917
Total	**94,658**	95,919

**UPB (Unilever Protection Benefit) members are a new class of members from 31 March 2006, who ceased to earn additional pension benefits in the UUKPF but continued to be eligible for death-in-service benefits (when active) following the introduction of the new tax regime for pensions from 6 April 2006.*

At 31 March 2007, pensioners' numbers included 12,228 spouse pensioners, 169 dependant pensioners and 174 child pensioners.

During the course of the year, 31 members individually elected to transfer the cash equivalent of their preserved benefits from the Fund to their new pension arrangements. The monies transferred were calculated and verified in the manner prescribed by regulations made under relevant legislation. Further details of the basis on which transfer values are calculated may be found in the Compliance Statement on page 27.

Pension increases

The Fund Rules require pensions in payment and deferred benefits, in excess of Guaranteed Minimum Pensions (GMPs), to be increased annually on 1 April in line with the Retail Prices Index (RPI), subject to the agreement of the Principal Company for any increase in excess of 5%. Prior to a rule change made on 16 December 2002, increases were made on 1 October each year.

The April 2007 increase was based on the twelve-month movement in the RPI from January 2006 to January 2007 of 4.2% (April 2006: 2.4%). There were lower increases on a sliding scale for those who left service after March 2006.

Scheme Actuary's Report

The Scheme Actuary, Richard Whitelam, has reported as follows:

At least every three years, a full valuation of the Unilever UK Pension Fund (UUKPF) is carried out. A valuation of the UUKPF was made as at 31 March 2005 and my formal report on the valuation is dated 6 March 2006. The approach I adopted for the valuation was to specify the level of contributions that I considered was required to safeguard the Fund. This then established the minimum contribution that the company must pay; although it could choose to pay more than this.

On the basis of the assumptions I adopted, there was a deficit of assets relative to the ongoing liabilities of the UUKPF of £991 million at 31 March 2005, which corresponded to a funding ratio of 79%. The deficit had arisen due to the combination of:

- lower than expected investment returns
- lower interest rates, and
- increases in life expectancy.

The funding level on the Minimum Funding Requirement as laid down in legislation was 109%.

The long term rate of joint contributions, payable by the members and the company, combined, to fund the benefits accruing in the future was 22.2% of Pensionable Pay on the assumptions adopted. Most contributing members have entered into a 'salary sacrifice' agreement as an alternative to paying contributions, and so there is a corresponding increase in company contributions.

As part of the valuation, I was 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 63% funded at 31 March 2005.

I recommended that joint contributions should be increased to 22.2% of Pensionable Pay, plus minimum additional contributions to fund the deficit, starting no later than 1 April 2006, at a level of £110 million per annum. I estimated that these contributions would make good the deficit over ten years from 1 April 2006. The company then proposed, and obtained, the Trustees' agreement to a higher level of additional contributions commencing one year earlier. This involved payments of £170 million (rather than £110 million) for three years, and further payments that were estimated to eliminate the deficit over eight years from 1 April 2005.

The company has also agreed that the next review of funding will be brought forward to 31 March 2007, at which point the company and Trustees will review their progress in eliminating the deficit. The company and Trustees are required to complete this review by 30 June 2008.

Note: *A copy of the Scheme Actuary's Report and Schedule of Contributions is available from the Fund Secretary on request.*

Contributions

During the year, regular employee contributions were paid at the rate of 5% of Pensionable Pay above the Lower Earnings Limit and regular company contributions at the rate of 22.2% of Pensionable Pay less employee contributions.

On 1 May 2005, the company introduced the Unilever Contribution Arrangement, whereby employees can choose to sacrifice an amount of their salary equal to their regular pension contributions. 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. For the avoidance of doubt, the Fund remains a contributory arrangement.

Following the actuarial valuation of the Fund as at 31 March 2005, the company agreed to pay special contributions to the Fund at a rate of £170 million a year from 1 April 2005 until 31 March 2008 and at a lower rate thereafter, subject to review at subsequent valuations. In fact, during the year, special company contributions amounting to £251.8 million were paid. This amount is more than £170 million as the company made a payment of £70 million in December 2006, which included a pre-payment of some of the additional contributions due in the 2007/08 Fund Year. In November 2006, £43 million was paid as a pre-payment of the Section 75 debt due following the exit of Unilever Ice Cream and Frozen Food Limited, and special contributions were paid amounting to £11.3 million in respect of the backdating of pension membership for certain part-time members.

Changes to the Trust Deed and Rules

During the year, changes were made to the Trust Deed and Rules of the Fund, as follows:

- In April 2006, an Interim Deed of Amendment was executed which, amongst other things, provided for the new HM Revenue and Customs tax regime which came into force on 6 April 2006.
- In September 2006, the Trust Deed was amended to provide for Unilever PLC to be responsible for any Section 75 debt, due in respect of pensioner and deferred members as well as active members employed by Unilever PLC.
- In December 2006, an Interim Deed of Amendment was executed in response to the Age Discrimination regulations issued by the Government in November. The Deed essentially structures the Fund in a manner that is defined in the Age Discrimination regulations. This enables the Fund to continue certain existing arrangements without breaching the Age Discrimination regulations.

Trustees' Statement of Values

At their meeting on 16 July 2002, the Trustees adopted the following set of values for running the Fund:

Responsible stewardship

We believe in the efficient and transparent execution of all our legal and fiduciary responsibilities. This includes responsible selection of investments considered to be in the Fund's interests.

Objective judgements

We will not let our personal opinions or sectional interests intrude upon our duties as Trustees.

Fairness in respect of people

We believe that people ought to be treated fairly, and their human rights respected.

Environmental awareness

We believe in the conservation of the world's resources and we support the aim of progressing to a more sustainable world.

Openness

We believe in openness, subject to preserving confidentiality when necessary.

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

Gavin Neath (Chairman)
7 August 2007

Investment Report

Investment and Finance Committee

The members of the Investment and Finance Committee, who served throughout the year, were: Wendy Mayall (Chairman), David Jones and Nigel Biggs.

Steve Cutting, Mark Shadrack and Peter Zegger were appointed to the Investment and Finance Committee on 13 July 2006.

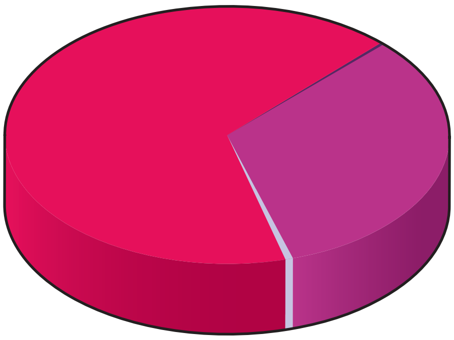
Philip Lambert, Jimmy McGovern and Neil Cross resigned from the Investment and Finance Committee on 30 April 2006, 13 July 2006 and 31 December 2006 respectively.

The Committee met on four occasions during the year under review.

Financial development of the Fund

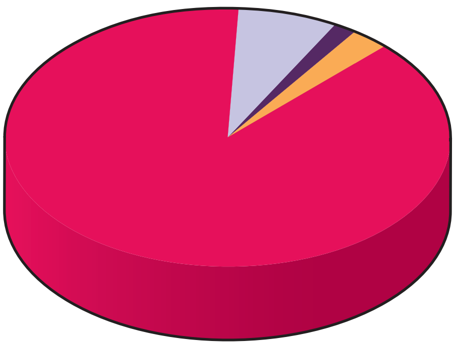
During the year ended 31 March 2007, the total value of the Fund increased from £4,763 million to £5,084 million.

Details of the Fund's income and expenditure are shown below.



Income
Total £427 million

Income from investments	*140*
Contributions from members	*3*
Contributions from employer	*283*
Transfers from other funds	*1*



Expenditure
Total £262 million

Pensions	*232*
Lump sums	*19*
Transfers to other funds	*4*
Expenses	*7*

Statement of Investment Principles

The Trustees maintain a Statement of Investment Principles (SIP) as required by Section 35 of the Pensions Act 1995, as amended by Section 244 of the Pensions Act 2004. The latest SIP was approved by the Trustee Board on 23 October 2006. It is Trustee policy to undertake a review of the SIP on a triennial basis, and without delay after any significant change in investment policy.

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

Investment management structure

The investment managers appointed by the Trustees to manage the Fund's equity and bond investments are Aberdeen Asset Management Ltd, Alliance Bernstein Ltd, Goldman Sachs Asset Management International, JP Morgan Asset Management (UK) Ltd, Lazard Asset Management Ltd, Newton Investment Management Ltd, and Prudential M&G Investment Management Ltd.

The investments within the Univest pooled vehicle, both in terms of the units in the equity sub-funds, and the units relating to the hedge fund investments held in a Luxembourg SICAV, are managed by Northern Trust Luxembourg Management Company SA.

The Fund's property portfolio is managed by CB Richard Ellis Investors Ltd, and the private equity investments are managed by Pantheon Ventures Ltd.

The performance of each investment manager is monitored quarterly by the Investment and Finance Committee, and each investment manager meets with the Committee at least once a year.

The investment managers are remunerated on a fee basis in accordance with contractual agreements, related to the market value of the assets under management at each quarter end.

Investment strategy review

During the year under review, the Trustees concluded the Fund's investment strategy review.

As a result of the review, the Trustees agreed the implementation of the following adjustments to the Fund's investment strategy:

- The addition of a 5% allocation of assets to global listed infrastructure
- The modification of the existing equity benchmark
- The restructuring of the equity mandates outside the Univest pooled vehicle into four equally-sized portfolios
- The broadening of the bond mandates, with an increase in the outperformance objectives
- The broadening of the property mandate, to include investment in indirect property vehicles.

The details of the investment restructuring are set out in the following paragraphs:

- In December 2006, assets from Barclays Global Investors' UK, Europe ex-UK and US equity funds, together with the assets from the Capital International global equity portfolio, were disinvested and moved into a transition account. Following the transition, assets were invested in AllianceBernstein, JP Morgan and Newton's global equity funds, plus additional assets invested into the Goldman Sachs global equity fund, with the allocation of a revised benchmark.
- At the beginning of January 2007, an investment was made into global listed infrastructure, managed by Lazard. At the end of January, assets were disinvested from the Univest UK equity sub-fund to fund investment into hedge funds via Univest IV, a hedge fund of funds, and an additional investment into the Univest Emerging Markets equity sub-fund.
- A minor rebalancing of the Fund's investment within the Univest pooled vehicle, with a neutral overall effect, took place during the year. As at 31 March 2007, the value of the Fund's investment in the Univest pooled vehicle, including in the Univest IV hedge fund vehicle, amounted to £1,341 million, or 26% of Fund assets (2006: £1,260 million, or 26%).

The Fund's revised strategic investment allocation following implementation of the actions arising from the investment strategy review is set out opposite.

Strategic allocation *at 31 March 2007*

	Strategic allocation prior to review	Strategic allocation at 31 March 2007
UK equities	*23.0%*	*9.0%*
Europe ex-UK equities	*14.0%*	*11.5%*
US equities	*18.0%*	*23.0%*
Japan/Pacific/Emerging Market equities	*7.5%*	*14.0%*
Global Listed Infrastructure	*0.0%*	*5.0%*
UK bonds	*17.5%*	*17.5%*
Property	*10.0%*	*10.0%*
Private equity	*5.0%*	*5.0%*
Hedge funds	*5.0%*	*5.0%*
Total	*100.0%*	*100.0%*

The disposition of the Fund's investments (reflecting the exposures to the various asset classes and worldwide markets) at 31 March 2007 was as follows:

	31 March 2007 £ million		31 March 2006 £ million	
Bonds				
UK Public	**420.9**	8.3%	412.0	8.7%
UK Private	**386.8**	7.6%	325.7	6.8%
Overseas Public	**9.8**	0.2%	16.0	0.3%
Overseas Private	**8.5**	0.2%	4.1	0.1%
Index-linked Securities	**1.8**	0.0%	1.8	0.0%
Ordinary shares				
UK	**629.9**	12.4%	1,182.9	24.9%
Overseas	**2,512.0**	49.4%	2,099.9	44.2%
Private equity funds	**231.7**	4.6%	228.0	4.8%
Hedge funds	**248.5**	4.9%	–	–
UK property	**466.4**	9.2%	403.9	8.5%
Cash, deposits and other investments	**163.2**	3.2%	81.0	1.7%
	5,079.5	100.0%	4,755.3	100.0%

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

Global custody arrangements

The Trustees have appointed The Northern Trust Company as their global custodian.

Investment performance

The Fund uses its global custodian, The Northern Trust Company, as an independent performance measurement service.

For the purposes of performance history, the Fund returns are those of the Unilever Superannuation Fund for periods to 31 March 2000 and those of the Unilever UK Pension Fund from 1 April 2000.

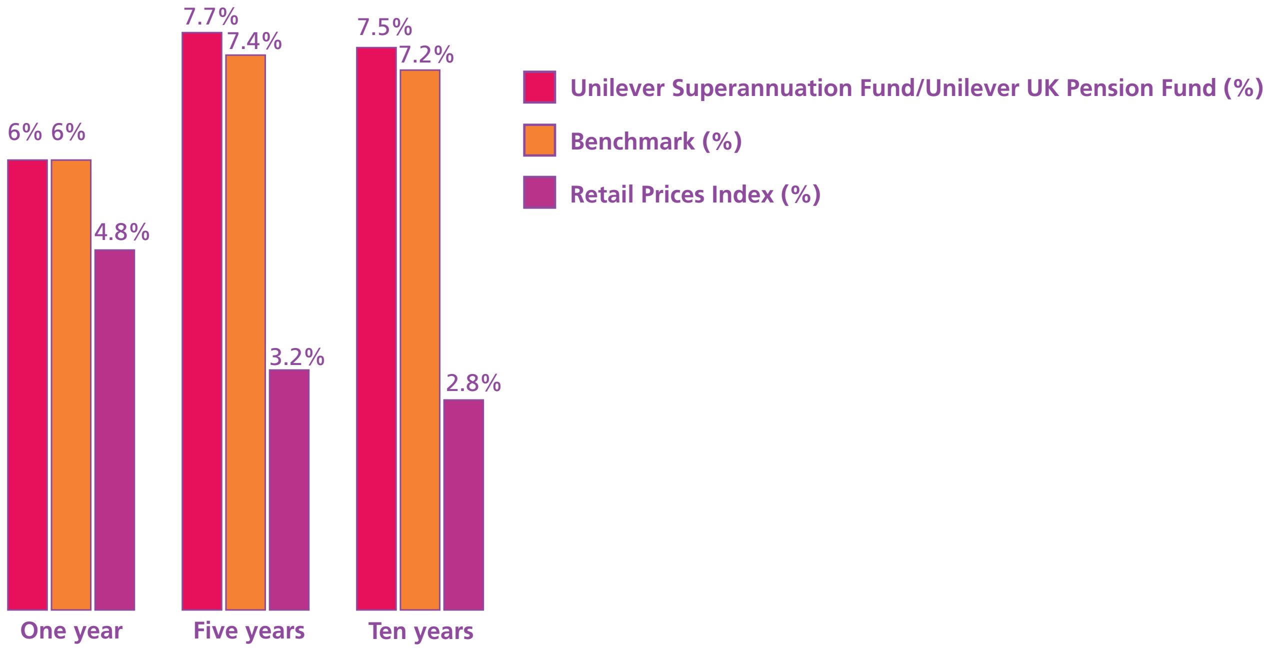
From 1987, when the Fund became externally managed, until the end of 1996 its performance was measured against the WM 50 Universe, comprised of the 50 largest funds in the WM sample. Following the move to a Fund specific investment strategy at the beginning of 1997, performance has been measured against a customised benchmark that reflects that investment strategy. The performance returns for the Fund, calculated by WM and The Northern Trust Company, for the one, five and ten-year periods ending 31 March 2007 are shown below, against the Fund benchmark returns and the Retail Prices Index.

Over the twelve months to 31 March 2007 the Fund returned a performance of 6.0% against the benchmark return of 6.0%. The rate of inflation over the period as measured by the Retail Prices Index was 4.8%.

Over the longer five-year period, the Fund's annualised return was 7.7% against the benchmark return of 7.4%. These returns compare to the Retail Prices Index at 3.2% per annum. Over the ten-year period to 31 March 2007, the Fund's annualised return was 7.5%, against a benchmark return of 7.2% and Retail Prices Index of 2.8% per annum.

Investment performance - to 31 March 2007

Annualised rates of return



Note: *Performance returns for the five-year and ten-year period exclude all sums received by the Fund following the settlement of the legal action against Mercury Asset Management.*

Investment holdings

As at 31 March 2007 there was one individual holding that represented more than 5% of the Fund's total assets:

	Value £ million	
Univest UK Equity Sub-Fund	348.6	6.8%

Details of the Fund's holdings in pooled investment vehicles are disclosed on page 24 in Note 7 to the accounts.

Scheme investments are invested in accordance with the Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378). The Fund is an exempt approved scheme under the Income and Corporation Taxes Act 1988.

Employer-related investments

On 31 March 2007 the Fund held 460,900 shares in Unilever PLC with a market value of £6.4 million. In terms of the investment through Univest, the Fund has an indirect interest in 283,767 shares in Unilever PLC with a market value of £4.3 million through its investment in the UK Equity sub-fund and an indirect interest in 103,483 shares in Unilever NV with a market value of £1.5 million through its investment in the Europe ex-UK sub-fund. Together these investments represent less than 1% of total assets.

Property

The following table shows the distribution of the Fund's property portfolio by value, location and use.

Category/location	Retail £ million	Retail warehouse £ million	Office £ million	Leisure £ million	Industrial £ million	**Total £ million**	
Inner London			30.5	2.5		**33.0**	7.2%
Outer London	5.8					**5.8**	1.3%
South East	54.5	15.7	19.7	47.5	91.2	**228.6**	49.6%
South West	18.5			13.5	5.5	**37.5**	8.1%
East Anglia	5.5	23.4				**28.9**	6.3%
East Midlands						**0.0**	0.0%
West Midlands	5.7		7.3		5.6	**18.6**	4.0%
North East						**0.0**	0.0%
North West			21.0		11.9	**32.9**	7.1%
Yorkshire & Humberside	3.5	37.4			6.3	**47.2**	10.2%
Scotland	16.5		8.8		3.3	**28.6**	6.2%
Wales						**0.0**	0.0%
Total	**110.0**	**76.5**	**87.3**	**63.5**	**123.8**	**461.1**	**100%**
%	23.9	16.6	18.9	13.8	26.8	100.0	

Statement of Trustees' responsibilities

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

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme 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 Financial Statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustees are responsible for the preparation of the Financial Statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also 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 to 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 of contributions received in respect of any active member of the Fund, and for ensuring that contributions are made to the Fund in accordance with the Schedule of Contributions.

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.

Preparation and audit of Financial Statements

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

Independent Auditor's Report

to the Trustees of the Unilever UK Pension Fund

We have audited the Financial Statements of the Unilever UK Pension Fund for the period ended 31 March 2007 which comprise the Fund Account, the Statement of Net Assets and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and Auditor

The Trustee's responsibilities for obtaining an Annual Report and audited Financial Statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustees' responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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.

We report to you our opinion as to whether the Financial Statements give a true and fair view and contain the information required by the relevant legislation. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Trustees' Report, the Investment Report, Summary of Contributions, Compliance Statement and Statement of Compliance with the Myners Principles. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustees in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Fund during the period ended 31 March 2007, 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 period, and

- the Financial Statements 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
28 August 2007

Financial Statements

Fund Account

For the year ended 31 March 2007

	31 March 2007 £ million	31 March 2006 £ million
Contributions and benefits		
Contributions receivable (note 2)	**286.0**	230.8
Transfers in (note 3)	**1.1**	1.4
	287.1	232.2
Benefits payable (note 4)	**(251.0)**	(244.9)
Payments to and on account of leavers (note 5)	**(4.2)**	(4.1)
Administration expenses	**(7.2)**	(9.2)
	(262.4)	(258.2)
Net additions/(withdrawals) from dealings with members	**24.7**	(26.0)
Returns on investments		
Investment income (note 6)	**140.0**	120.5
Change in market value of:		
Fund investments (note 7)	**165.9**	865.1
AVC investments (note 8)	**1.1**	2.1
Investment management expenses	**(11.7)**	(10.8)
Net returns on investments	**295.3**	976.9
Net increase in the Fund during the period	**320.0**	950.9
Net assets of the Fund at 1 April	**4,763.7**	3,812.8
Net assets of the Fund at 31 March	**5,083.7**	4,763.7

Statement of Net Assets

As at 31 March 2007

	31 March 2007 £ million	31 March 2006 £ million
Investments at market value (note 7)		
Fixed-interest securities	**827.8**	759.6
Quoted securities	**2,049.5**	1,397.7
Private equity funds	**231.7**	228.0
Hedge funds	**248.5**	–
Pooled investment vehicles	**1,097.7**	1,885.1
Property	**461.1**	403.9
Cash, deposits and other investments	**163.2**	81.0
	5,079.5	4,755.3
AVC investments (note 8)	**23.3**	22.1
Net current liabilities (note 9)	**(19.1)**	(13.7)
Net assets of the Fund at 31 March	**5,083.7**	4,763.7

The notes on pages 21 to 26 form part of these Financial Statements.

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

Gavin Neath (Chairman)
Andy Rowell (Secretary)
7 August 2007

Notes to the Financial Statements

1. Accounting policies

These Financial Statements summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the assessment of the Fund's actuarial situation on page 31 and these Financial Statements should be read in conjunction therewith. The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. The Financial Statements have been prepared in accordance with the Statement of Recommended Practice for Financial Reports of Pension Schemes (revised November 2002).

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

a) Investments

Quoted securities are valued on the basis of the middle market quotation of the relevant stock exchange at 31 March 2007. Accrued interest is excluded from the market value of fixed-interest securities but is included in investment income receivable.

Pooled investment vehicles are valued at the average of the bid and offer prices provided by the relevant Fund Managers, which reflect the average value of the underlying investments.

Securities that were on loan at 31 March 2007 are included in the Statement of Net Assets to reflect the Fund's ongoing economic interest in such securities. Financial futures and swaps are included in investments at market value and the corresponding liability is included in cash, deposits and other investments.

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.

Properties are stated at market value. No provision is made for property depreciation or amortisation.

Private equity investments are valued by the investment manager, Pantheon Ventures. The valuation is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports. The 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 mid-market price on the relevant stock exchange. A discount may be applied where trading restrictions apply to such securities.

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

b) Foreign currency translation

The value of overseas securities is translated into sterling at the rates of exchange ruling at 31 March. 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 period end, measured by the difference between spot rate and contracted rate, is included in the change in market values of investments, together with realised gains and losses on forward contracts maturing during the period.

c) Investment income

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

d) Contributions

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

Additional contributions from the employer are accounted for in accordance with the agreement under which they are paid. Additional voluntary contributions from the members are accounted for in the month deducted from the payroll.

Employer's special contributions are accounted for in accordance with the agreement under which they are being paid.

e) Benefits payable

Benefit payments are accounted for as and when they fall due.

f) Transfer values

Transfer values represent the capital sums either received in respect of newly-joined members from other pension schemes or paid to other pension schemes for members who have left the Fund. Transfer values are accounted for when the liability is accepted by the receiving scheme.

g) Investment management expenses

Investment management fees are accounted for on an accruals basis.

h) Administrative expenses

Administrative expenses are accounted for on an accruals basis.

2. Contributions receivable

	Year ended 31 March 2007 £ million	Year ended 31 March 2006 £ million
Employer:		
Normal	**59.0**	57.2
Special contributions	**170.0**	170.0
Special contributions - part-time workers	**11.3**	–
Special contributions - Section 75 (Provisional)	**43.0**	–
Members:		
Normal	**0.7**	2.2
Additional Voluntary Contributions	**2.0**	1.4
	286.0	230.8

3. Transfers in

Individual transfers in from other schemes	**1.1**	1.4
	1.1	1.4

4. Benefits payable

Pensions	**(232.4)**	(227.4)
Lump sum retirement benefits	**(17.1)**	(15.6)
Lump sum death benefits	**(1.5)**	(1.9)
	(251.0)	(244.9)

5. Payments to and on account of leavers

Group transfers to other schemes	**(0.7)**	(1.3)
Individual transfers to other schemes	**(3.5)**	(2.8)
	(4.2)	(4.1)

6. Income from investments

Income from fixed-interest securities	**41.7**	36.5
Dividends from ordinary shares	**70.5**	56.7
Income from private equity investments	**0.3**	0.4
Interest on short-term deposits	**7.3**	3.6
Property rents less expenses	**19.4**	22.9
Other income	**0.8**	0.4
	140.0	120.5

7. Investments

	Market value at 1 April 2006 £ million	Purchases at cost £ million	Proceeds of sales £ million	Change in market value £ million	**Market value at 31 March 2007 £ million**
Fixed-interest securities	759.6	835.7	(733.9)	(33.6)	**827.8**
Quoted equities	1,397.7	2,276.1	(1,670.5)	46.2	**2,049.5**
Private equity funds	228.0	49.7	(84.1)	38.1	**231.7**
Hedge funds	-	241.6	–	6.9	**248.5**
Pooled investment vehicles	1,885.1	241.5	(1,083.9)	55.0	**1,097.7**
Property	403.9	32.6	(39.0)	63.6	**461.1**
	4,674.3	3,677.2	(3,611.4)	176.2	**4,916.3**
Cash deposits and other investments	81.0			(10.3)	**163.2**
	4,755.3			165.9	**5,079.5**

The above analysis is set out in accordance with the requirements of the SORP. An analysis reflecting the exposure to the various asset classes is included in the Investment Report.

7.1 Fixed-interest securities

	31 March 2007 £ million	31 March 2006 £ million
UK public sector quoted	**420.9**	412.0
UK other quoted	**386.8**	325.7
Overseas public sector quoted	**9.8**	16.0
Overseas other quoted	**8.5**	4.1
Index-linked securities	**1.8**	1.8
	827.8	759.6

7.2 Quoted equities

	31 March 2007 £ million	31 March 2006 £ million
UK	**281.3**	527.3
Overseas	**1,768.2**	870.4
	2,049.5	1,397.7

7.3 Private equity funds

	31 March 2007 £ million	31 March 2006 £ million
UK - Managed UK	**4.4**	4.0
Overseas - Managed overseas	**227.3**	224.0
	231.7	228.0

7.4 Pooled investment vehicles

	31 March 2007 £ million	31 March 2006 £ million
Managed funds		
- Managed overseas	**1,092.4**	1,882.1
- Managed UK	–	3.0
Unit trust		
- Property - Managed UK	**5.3**	–
	1,097.7	1,885.1

7.5 Property

Property is valued in accordance with the accounting policy. The UK properties were valued at 31 December 2006. There were no acquisitions of direct property in the three-month period to 31 March 2007. The properties were valued by Colliers CRE on an open market basis as defined by the Royal Institution of Chartered Surveyors.

7.6 Derivative contracts

The Fund's holdings in investment assets include the following open derivative contracts:

	31 March 2007 £ million	31 March 2006 £ million
Fixed interest - Overseas	**2.4**	(4.5)
Quoted equity - Overseas	**14.7**	1.2
	17.1	(3.3)

The cash backing for these derivative contracts is disclosed under Cash, deposits and other investments.

7.7 Cash deposits and other investments

	31 March 2007 £ million	31 March 2006 £ million
Cash deposits	**212.3**	73.9
Cash backing for open derivative contracts	**(17.1)**	3.3
Amounts due from brokers	**28.7**	191.6
Amounts due (to) brokers	**(49.7)**	(202.5)
Accrued income	**21.0**	20.4
Deferred income	**(32.0)**	(5.7)
	163.2	81.0

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 2007 was £133.0 million in exchange for which the Custodian held collateral worth £139.8 million. The collateral consists of eligible securities and letters of credit and forms part of Northern Trust's UK Core Collateral Pool.

8. AVC investments

The Fund provides the facility for members to pay Additional Voluntary Contributions (AVCs) to purchase additional benefits on a money purchase basis or to purchase added years. 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 investment managers. These money-purchase AVC investments are excluded from the analysis of the Fund's investments given in Note 7.

The market value of money-purchase AVC investments as at 31 March 2007 was £23.3 million.

	31 March 2007 £ million	31 March 2006 £ million
Balance at 1 April	**22.1**	22.5
Purchases in the period	**2.1**	1.3
Sales in the period	**(2.0)**	(4.0)
Change in market value	**1.1**	2.3
Balance at 31 March	**23.3**	22.1

9. Net current liabilities

	31 March 2007 £ million	31 March 2006 £ million
Sundry creditors	**(19.1)**	(13.7)
Net total	**(19.1)**	(13.7)

10. Commitments

At 31 March 2007, the Fund had capital commitments relating to private equity investments of £224 million (2006: £176 million).

11. Related party transactions

Within administration costs, £6 million was paid to Unilever UK Central Resources Limited in respect of the services provided by Unilever UK Pensions (2006: £8 million).

There were no significant liabilities due to Unilever PLC at 31 March 2007.

Independent Auditor's Statement about Contributions

to the Trustees of the Unilever UK Pension Fund

We have examined the Summary of Contributions to the Unilever UK Pension Fund for the year ended 31 March 2007 that is set out on the following page.

Respective responsibilities of Trustees and Auditor

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 attached Summary 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 required by the Schedule of Contributions during the year ended 31 March 2007 as reported in the Summary of Contributions on the following page have been paid in accordance with the schedule of contributions certified by the Actuary on 1 June 2007, replacing the one dated 3 January 2006.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
28 August 2007

Summary of Contributions

Unilever UK Pension Fund Summary of Contributions payable in the year

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

Signed on behalf of the Trustees:

Gavin Neath (Chairman)
Andy Rowell (Secretary)
7 August 2007

	Member £ million	Employer £ million
Required by the Schedule of Contributions		
Normal contributions	0.7	59.0
Special contributions	–	170.0
Total	0.7	229.0
Other contributions payable		
Section75 (Provisional)		43.0
Part-timers		11.3
AVCs	2.0	–
Total reported in Fund account	2.7	283.3

Compliance Statement

Since 1 April 2006, there have been a number of changes to the Trustees of the Fund.

North and West Area delegate-elected Trustees

Ian Dettmer resigned as a Substitute Trustee on 31 October 2006. No-one has, to date, been co-opted to replace him.

Peter Rowley resigned as a Substitute Trustee on 16 June 2006 and Julian Dawe was co-opted to replace him on 1 December 2006.

South and East Area delegate-elected Trustees

David Heath resigned as a Substitute Trustee on 31 October 2006. Robert Mickley was co-opted to replace David Heath on 1 March 2007.

Terry Thomas resigned as a Trustee on 23 March 2007. Robert Mickley was appointed to the full Board of Trustees on 24 March 2007.

The Trustees and Substitute Trustees in office at 31 March 2007 were:

Company-nominated Trustees

Gavin Neath (Chairman)
James Barnes
Richie Furlong[1]
Wendy Mayall
Jimmy McGovern[1]
Mike Samuel[1]
Mark Shadrack

Delegate-elected Trustees

Trustees	*Substitutes*
North and West Area	
Steve Cutting (O/M)	Kim Lewis (O/M)
Roger Bevan (P/S)	Julian Dawe (P/S)
Dave Ivison (P/S)	Vacancy
South East Area	
Robert Mickley (P/S)	Vacancy (P/S)
David Saunders (O/M)	Ian Burns (joint first Substitute O/M)
David Jones (O/M)[1]	David Bloomfield (joint first Substitute O/M)

Pensioner-elected Trustees

Trustees	*Substitutes*
Richard Clark[1]	David Jones[1] (first Substitute)
	Jean Watson[1] (second Substitute)

(O/M = office/managerial employee P/S = production/service employee)

[1]Trustees in receipt of pension benefits from the Fund

Membership

	2006/2007	2005/06
Ordinary active members		
Contributory members at 1 April	8,813	9,792
Less adjustments from opening position[1]	(4)	(79)
New members	610	684
New members returning from the EU	22	–
Members leaving service taking a refund of contributions	(137)	(118)
Members leaving service or becoming non-contributory and preserving benefits	(1,903)	(812)
Members becoming UPB active	(53)	–
Retirements at or before normal retirement age	(139)	(286)
Deaths	(7)	(10)
Other adjustments[2]	(9)	(358)
Number at 31 March	7,193	8,813
UPB active members[4]		
UPB active members at 1 April	–	–
Normal contributory members who became UPB active members	53	–
New members becoming UPB active	–	–
Members leaving service and preserving benefits	(2)	–
Retirements at or before normal retirement age	(5)	–
Number at 31 March	46	–
Ordinary deferred pensioners		
Deferred pensioners at 1 April	42,189	42,166
Less adjustments from opening position[1]	–	7
New leavers with preserved benefits	1,903	812
Transfers out[3]	(31)	(50)
Retirements	(983)	(940)
Deaths	(54)	(56)
Commutations and refunds	(1)	–
Members returning to active status on leaving the EU	(22)	0
Other adjustments[2]	(2)	250
Number at 31 March	42,999	42,189
UPB deferred pensioners[4]		
UPB deferred pensioners at 1 April	–	–
New leavers with preserved benefits	2	–
Retirements	–	–
Number at 31 March	2	–

	2006/2007	2005/06
Pensioners		
Pensioners at 1 April	**44,917**	45,216
Less adjustments from opening position[1]	**(14)**	(3)
New retirements	**1,127**	1,226
New spouses	**646**	545
New dependants	**9**	4
New children	**12**	12
Deaths	**(2,061)**	(1,817)
Termination of child pensions	**(28)**	(26)
Other terminations / cessations	**(183)**	(202)
Other adjustments[2]	**(7)**	(38)
Number at 31 March	**44,418**	44,917

[1] *These relate to movements with an effective date before 1 April 2005, but because of pipeline delays they were processed after the accounts for last year were finalised.*

[2] *These adjustments are mainly the result of the data tidying exercise that was carried out during the year. They also include adjustments made in respect of leavers in a previous year whose records had not yet been updated on the administration system.*

[3] *Includes bulk transfers paid during the year in respect of company sales.*

[4] *UPB members are a new class of members from 31 March 2006 who ceased to earn additional pension benefits in the UUKPF but continued to be eligible for death-in-service benefits (when active) following the introduction of the new tax regime for pensions from 6 April 2006.*

Calculation of individual transfer values

Transfer values are calculated in accordance with the requirements of Section 97 of the Pension Schemes Act 1993, subject only to appropriate adjustments.

During the year, the Principal Company operated a discretionary practice of consenting to the payment of an unreduced pension to certain members retiring at or after age 60. The category of member affected depends on the date they joined and left Pensionable Service. With effect from 1 January 2007, the Principal Company's consent has only been awarded where members were still in Unilever employment after their 50th birthday, and in certain other special circumstances.

Until 31 December 2006, the transfer calculation fully reflected, where relevant, unreduced pensions from age 60. From 1 January 2007, transfer value calculations include allowance for this only where members have already satisfied the conditions for the exercise of consent.

Annual pension increases in excess of 5% are subject to the consent of the Principal Company. For the purpose of transfer value calculations, full allowance is made for these discretionary increases by allowing for pension increases in line with assumed price inflation.

Unilever UK Pension Fund Actuarial Certificate

Given for the purposes of Section 58 of the Pensions Act 1995 (Certification of Schedule of Contributions)

Adequacy of rates of contributions

1. I hereby certify that, in my opinion, the rates of the contributions payable in accordance with the Schedule of Contributions dated 16 February 2007 are adequate for the purpose of securing that throughout the period it covers the scheme will meet the minimum funding requirement imposed by section 56(1) of the Pensions Act 1995.

2. In forming this opinion I have complied with the requirements imposed by sections 56(3) and 58 of the Pensions Act 1995, the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on minimum funding requirement (GN 27), prepared and published by the Institute of Actuaries and the Faculty of Actuaries, and have made the assumptions prescribed by them.

R J Whitelam

Fellow of the Institute of Actuaries
Hewitt Bacon & Woodrow Limited
6 More London Place, London SE1 2DA
1 June 2007

Note

The certification of the adequacy of rates of contributions for the purpose of securing the meeting of the minimum funding requirement is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Actuarial Statement

Made for the purposes of Regulation 30 of the Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996

Name of scheme: Unilever UK Pension Fund

Effective date of valuation: 31 March 2005

1. Security of prospective rights

In my opinion, the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the scheme as they fall due. This Statement assumes the scheme continues and does not mean that should the scheme wind up there would be sufficient assets to provide the full accrued benefits.

In giving this opinion, I have assumed that the following amounts will be paid to the scheme:

by members not in Pensionable UCA Service:	5% of Pensionable Pay less the Lower Earnings Limit
by the employer:	the balance required to make total annual contributions at the rate of 22.2% of members' Pensionable Pay from 1 January 2006; plus
	deficit payments of £170 million per annum for the three years commencing 31 March 2005, £130 million in year four, then increasing by 4.4% per annum over years five to eight, subject to review at future actuarial valuations.

I have made assumptions consistent with market values, prospective investment returns and economic conditions at the effective date. However, significant changes in market values of the assets after the effective date may mean that the assumptions and market values on which it is based are no longer appropriate. If you are reading this Statement some time after the effective date of the valuation, you should bear in mind that the scheme's funding position could have changed significantly, which could affect the contributions payable in the future. It should also be noted that the actuarial investigation does not include an examination of the company's ability to meet future contribution requirements.

2. Summary of methods and assumptions used

The future service company contribution rate and the value of the past service liabilities have been assessed using the 'Projected Unit Method'. Total company contributions have been determined as the future service employer contribution rate plus contributions sufficient to eliminate the funding deficit over eight years.

Note that the method assumes that the scheme is ongoing and does not consider the position if the scheme were to be discontinued.

The main assumptions used in my calculations were:

Price inflation	2.9%	*per annum*
Rate of pay increases	4.4%	*per annum, plus an allowance for promotional increases*
Rate of pension increases	3.0%	*per annum on pensions in excess of GMPs*
Rate of increases of deferred pensions	3.0%	*per annum on pensions in excess of GMPs subject to statutory revaluations*
Post-retirement discount rate	5.2%	*per annum*
Pre-retirement discount rate	6.7%	*per annum*
Management expenses (other than investment-related expenses)	2.5%	*of Pensionable Pay*

The assets were taken at market value at the valuation date.

Further details of the methods and assumptions used are set out in my actuarial valuation report addressed to the Trustees, dated 6 March 2006.

R J Whitelam
Fellow of the Institute of Actuaries
Hewitt Bacon & Woodrow Limited
6 More London Place, London SE1 2DA
6 March 2006

Compliance with the Myners Principles

The following table sets out, in detail, the Trustees' compliance with the Myners Principles:

Principle	Does the Fund comply?
1. Effective decision making	
Decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take.	*Yes.*
Trustees should ensure that they have sufficient in-house staff to support them in their investment responsibilities.	*Yes.*
Trustees should also be paid, unless there are specific reasons to the contrary.	*No. Trustees, including pensioners, are not paid for undertaking their duties as trustees.*
It is good practice for trustee boards to have an investment subcommittee to provide the appropriate focus.	*Yes.*
Trustees should assess whether they have the right set of skills, both individually and collectively, and the right structures and processes to carry out their role effectively.	*Yes.*
They should draw up a forward-looking business plan.	*Yes, via Unilever UK Pensions.*
2. Clear objectives	
Trustees should set out an overall objective for the fund that:	
• represents their best judgement of what is necessary to meet the fund's liabilities given their understanding of the contributions likely to be received from employer(s) and employees; and	Yes.
• takes account of their attitude to risk, specifically their willingness to accept underperformance due to market conditions.	Yes.
Objectives for the overall fund should not be expressed in terms which have no relationship to the fund's liabilities, such as performance relative to other pension funds, or to market index.	*The Trustees' overall objective is, as stated in the Statement of Investment Principles, expressed in terms which relate to the Fund's liabilities.*
3. Focus on asset allocation	
Strategic asset allocation decisions should receive a level of attention (and, where relevant, advisory or management fees) that fully reflect the contribution they can make towards achieving the fund's investment objective. Decision-makers should consider a full range of investment opportunities, not excluding from consideration any major asset class, including private equity. Asset allocation should reflect the fund's own characteristics, not the average allocation of other funds.	*Yes.*

Principle	Does the Fund the comply?
4. Expert advice	
Contracts for actuarial services and investment advice should be opened to separate competition. The fund should be prepared to pay sufficient fees for each service to attract a broad range of kinds of potential providers.	*Yes.*
5. Explicit mandates	
Trustees should agree with both internal and external investment managers an explicit written mandate covering agreement between trustees and managers on:	
• An objective, benchmark(s) and risk parameters that together with all the other mandates are coherent with the fund's aggregate objective and risk tolerances;	Yes.
• The manager's approach in attempting to achieve the objective; and	*The investment management agreement requires each manager to provide an initial report including a summary of their investment approach/philosophy.*
• Clear timescale(s) of measurement and evaluation, such that the mandate will not be terminated before the expiry of the evaluation timescale for underperformance alone.	No commitment is given or implied that the investment mandate will *not be terminated before the expiry of the evaluation timescale.*
The mandate and trust deed and rules should not exclude the use of any set of financial instruments, without clear justification in the light of the specific circumstances of the fund.	*Yes.*
Trustees, or those to whom they have delegated the task, should have a full understanding of the transaction-related costs they incur, including commissions. They should understand all the options open to them in respect of these costs, and should have an active strategy – whether through direct financial incentives or otherwise – for ensuring that these costs are properly controlled without jeopardising the fund's other objectives. Trustees should not without good reason permit soft commissions to be paid in respect of their fund's transactions.	*The Investment Committee has received a comprehensive report from its investment consultant and has commissioned and received an additional third-party service to provide a full analysis of transaction costs. Soft commissions are not permitted.*
6. Activism	
The mandate and trust deed should incorporate the principle of the US Department of Labor Interpretative Bulletin on activism. Trustees should also ensure that managers have an explicit strategy, elucidating the circumstances in which they will intervene in a company; the approach they will use in doing so; and how they measure the effectiveness of this strategy.	*The Trustees have a voting policy and the investment managers are required to report annually to the Trustees on their voting activities. The Trust Deed and investment mandates do not incorporate the principle of the US Department of Labor Interpretative Bulletin on activism.*

Principle	Does the Fund comply?

7. Appropriate benchmarks

Trustees should:

• explicitly consider, in consultation with their investment manager(s), whether the index benchmarks they have selected are appropriate; in particular, whether the construction of the index creates incentives to follow sub-optimal investment strategies;	*Yes, with advice from the Fund's investment consultants.*
• if setting limits on divergence from an index, ensure that they reflect the approximations involved in index construction and selection;	*Yes. See above*
• consider explicitly for each asset class invested, whether active or passive management would be more appropriate given the efficiency, liquidity and level of transaction costs in the market concerned; and	Yes. See above
• where they believe active management has the potential to achieve higher returns, set both targets and risk controls that reflect this, giving the managers the freedom to pursue genuinely active strategies.	*Yes. See above*

8. Performance measurement

Trustees should:

• arrange for measurement of the performance of the fund	Yes.
• make formal assessment of their own procedures and decisions	*Planned for latter part of 2007.*
• arrange for a formal assessment of performance and decision-making delegated to advisors and managers.	*No formal procedures, but such issues discussed on a regular basis by Investment Committee.*

9. Transparency

A strengthened Statement of Investment Principles (SIP) should set out:

• who is taking which decisions and why this structure has been selected;	Not covered in SIP but considered as part of 2005/06 governance review.
• the fund's planned asset allocation strategy, including projected investment returns on each asset class, and how the strategy has been arrived at;	*Asset allocation – yes.* *Projected returns – no.* *Process – yes.*
• the mandates given to all advisers and managers; and	*Not covered in SIP but fully covered within each management agreement.*
• the nature of the fee structures in place for all advisers and managers, and why this set of structures has been selected.	*Not covered in SIP but fully covered within each management agreement.*

10. Regular reporting

Trustees should publish their Statement of Investment Principles and the results of their monitoring of advisers and managers. They should send key information from these annually to members of these funds, including an explanation of why the fund has chosen to depart from any of these Principles.	***Statement of Investment Principles*** *The Statement of Investment Principles is available, on request, to all members. Any significant departures from the Statement would ordinarily be reported in this Scheme Annual Report.*

Notes

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