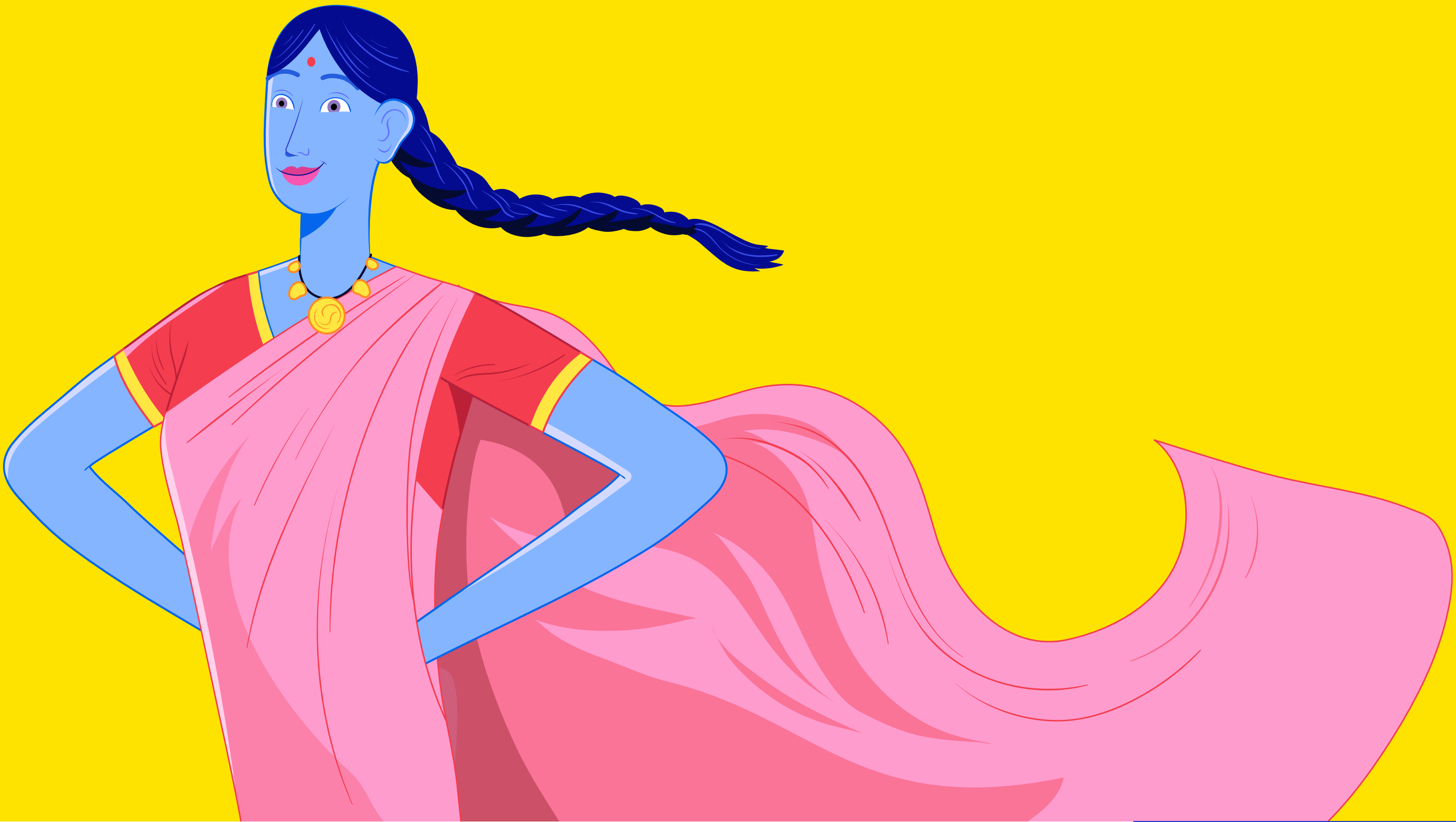

Summary Funding Statement

31 March 2021

Unilever UK Pension Fund

Every year the Trustees of the Unilever UK Pension Fund (the Fund) publish a Summary Funding Statement to tell you about the Fund's funding position. The Statement tells you how much money has built up in the Fund – the **assets**, and how that compares with the amount the Fund needs to pay the benefits promised to members – the **liabilities**.

Our last Statement explained the funding position as reported in the 31 March 2020 annual funding update (which takes place in years when a formal valuation, which takes place every three years, is not carried out). This Statement reports the results of the annual funding update at 31 March 2021.

This Statement shows that on 31 March 2021 the Fund had more assets than liabilities – meaning it was in surplus. This is because the value of assets has increased significantly since March 2020, when a sudden drop in assets occurred due to the market's reaction to the coronavirus pandemic. Since 31 March 2021, the position has improved further due to the increase in the value of the assets being greater than the increase in the value of the liabilities.

What this document tells you

How we assess the Fund's position

- How we set the funding target
- How we measure the funding level
- What we expect from Unilever

The details of the Fund's position

- The key figures and how they compare to the year before
- Long-term funding target
- What's happened since the last statement

Where to go to find out more

How we assess the Fund's position

To understand the Fund's position, we need to know how much money has built up in the Fund – the **assets**. This includes the money Unilever has paid in, the money members have paid in, and the returns this money has generated while it's been invested.

We also need to know how that compares with the amount the Fund needs to pay the benefits promised to members – the **liabilities**.

Then we calculate the assets as a percentage of the liabilities, which shows the funding level. If the assets were the same as the liabilities, the funding level would be 100%.

How we set the funding target

We work with Unilever to agree how we measure the Fund's liabilities known as the "technical provisions". At first, we work towards a funding target of having enough assets to cover 100% of the technical provisions.

To calculate the technical provisions, we look at Unilever's financial strength and what that means for its ability to support the Fund. We also look at our investment strategy and the returns it aims to deliver. And we look at various assumptions, including the latest data on life expectancy, to estimate how much money we'll need to pay members the benefits they've built up.

Our actuary looks at what might happen if any of the assumptions we've made turn out to be too low, or too high. Then we decide how confident or cautious we want to be when deciding on the safety margin to build into our funding target.

We have also set an additional long-term funding target using a lower-risk basis to measure our liabilities. You can read more about this target on page 6.

How we measure the funding level

To assess the funding level, our actuary compares the value of the Fund's assets with the liabilities.

What we expect from Unilever

The Fund relies on Unilever to:

- Pay regular contributions to cover its share of the cost of benefits that members build up in future
- Help to cover the expenses of running the Fund each year
- Agree to a recovery plan in the event that our actuary reports a deficit on a technical provisions basis at a valuation. The last valuation at 31 March 2019 showed a surplus instead of a deficit and there was no requirement for a recovery plan.

The details of the Fund's position

The key figures and how they compare to the year before

On 31 March 2021, the Unilever UK Pension Fund had a surplus of £1,091 million – on a technical provisions basis – which equates to a funding level of 111%. The funding level had increased from 31 March 2020 when we reported the results of the last annual funding update:

	31 March 2021
Assets	**£10,678 million**
Liabilities	**£9,587 million**
Assets minus liabilities	**£1,091 million surplus**
Assets as a percentage of liabilities	**111% funding level**

	31 March 2020
Assets	**£9,407 million**
Liabilities	**£9,840 million**
Assets minus liabilities	**£433 million deficit**
Assets as a percentage of liabilities	**96% funding level**

Why the funding level has improved since 2020

In March 2020, there was a drop in the funding level because the reaction of the market to the coronavirus caused significant falls in asset values. Since then, market has recovered and continues to grow, resulting in a significant increase in the assets held. The value of the liabilities has dropped over the period, resulting in an improvement in the funding level. Since 31 March 2021, the position has improved further due to the increase in the value of the assets being greater than the increase in the value of the liabilities. At 30 September 2021, the estimated funding level is 116% on the technical provisions basis.

The funding level if the Fund had closed on the valuation date
By law, we also have to estimate what our liabilities would be if the Fund closed, and we paid an insurance company to take on the responsibility of paying each member their pension instead. This is called the solvency position. Unilever isn't thinking of closing the Fund, this estimate just helps us to more fully understand the Fund's position.

If the Fund had closed on 31 March 2021, the actuary estimated that we would have had to pay an insurance company £12,637 million to provide all the benefits in full. This would have meant that the Fund had a solvency deficit of £1,959 million equal to a solvency funding level of 84%.

This was an improvement from the solvency funding level at the last formal valuation at 31 March 2019 because of strong returns on assets. At 31 March 2019 we would have had to pay an insurance company £12,813 million – which meant a solvency deficit of £3,038 million and a solvency funding level of 76%.

At 30 September 2021, the solvency funding level was 87%.

Long-term funding target

Our initial funding target was to meet 100% of the liabilities as measured on a technical provisions basis. We have exceeded or been close to that funding target over the past few years and therefore we've agreed with Unilever to use an additional lower-risk basis to measure our liabilities – called the "low employer dependency" basis – as well as the technical provisions basis.

Our long-term funding target is to reach a funding level on the low employer dependency basis of 105% by 31 December 2029. It's called "low employer dependency" because if we reach the target of 105%, we will be able to follow a lower-risk investment strategy, which means we are less likely to need extra payments from Unilever in the future.

At 31 March 2021, the Fund was 96% funded on this lower-risk basis. It had improved from 90% at 31 March 2019 because of the increase in asset values.

What's happened since the last statement

We haven't paid Unilever any money from the Fund
Legally, we have to tell you whether we've paid Unilever any money from the Fund since the last statement we sent you. We can confirm that we haven't.

The Pensions Regulator hasn't needed to get involved in the Fund
The Pensions Regulator has a number of powers over schemes like ours. It can tell us to change the way future benefits build up, change the way our funding target is worked out, or change the amount Unilever contributes to the Fund.

Legally, we have to tell you if the Pensions Regulator has used any of these powers in relation to the Fund. It hasn't.

Task Force on Climate-Related Financial Disclosures (TCFD)

We seek to ensure that the businesses in which we invest provide necessary climate related financial information according to the TCFD's recommendations. Our TCFD statement contains more information on how we aim to achieve this. Our latest TCFD statement can be found in our Report and Financial Statements for the year ended 31 March 2021 which is available on the Fund's website **uukpf.co.uk**

Where to go to find out more

If you'd like more details about the Fund's finances

Read the Annual Report and Financial Statements at **uukpf.co.uk**

If you'd like more information about how the Fund works

Visit **uukpf.co.uk** to find out more about how the Career average, Investing and Final salary pension plans work.

You can also find out more about how the Unilever UK Pension Fund is funded, managed and invested by getting in touch with the Fund Secretary:

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