



# Summary Funding Statement

31 March 2022



Unilever

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 defined benefit (DB) section of the Fund.

Most years, the Statement is a summary of a report called an 'annual funding update'. The last statement showed the funding position for the annual funding update at 31 March 2021.

Every 3 years - including this year - we produce a more detailed report called an 'actuarial valuation'. This Statement summarises the actuarial valuation and shows the funding position of the DB section of the Fund at 31 March 2022.

On 31 March 2022 the Fund had more assets than liabilities. Assets are the value of the Fund's investments, and liabilities are the amount needed to pay the benefits promised to members. Because there were more assets than liabilities, the Fund is in surplus, so it's in a good position to pay the benefits promised to members, both now and in the future.

## What this document tells you

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## 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**. Calculating the liabilities can be very complex and relies on several assumptions. We talk about these later on.

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'. This is the way that we are expected to calculate the liabilities in a valuation year under the law. But it's just one of the measures that can be used to calculate the liabilities of the Fund.

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.

It's also useful to look at other measures when calculating the Fund's liabilities. So 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 7.

## How we measure the funding level

To assess the funding level, our Fund 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 required funding for benefits that members build up in future as well as 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 valuation at 31 March 2022 continued to show a surplus which means there was no need 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 2022, the Unilever UK Pension Fund had a surplus of £1.29 billion – on a technical provisions basis. This equates to a funding level of 113%. The funding level had increased from 31 March 2021 when we reported the results of the last annual funding update:

	<b>31 March 2022</b>		<b>31 March 2021</b>
Assets	<b>£10.95 billion</b>	Assets	<b>£10.68 billion</b>
Liabilities	<b>£9.66 billion</b>	Liabilities	<b>£9.59 billion</b>
Assets minus liabilities	<b>£1.29 billion surplus</b>	Assets minus liabilities	<b>£1.09 billion surplus</b>
Assets as a percentage of liabilities	<b>113% funding level</b>	Assets as a percentage of liabilities	<b>111% funding level</b>

**Why the funding level has improved since 2021**

The main reason the funding level has improved, is because the Fund's assets delivered positive returns over the year.

**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. This does not mean that Unilever is thinking of doing this. It just helps to give a fuller picture of the Fund's position.

If the Fund had closed on 31 March 2022, the actuary estimated that we would have had to pay an insurance company £11.7 billion to provide all the benefits in full. This equates to a solvency deficit of £0.77 billion equal to a solvency funding level of 93%.

This was an improvement from the solvency funding level at the last formal valuation at 31 March 2019. At 31 March 2019 we would have had to pay an insurance company £12.8 billion – which equates to a solvency deficit of £3 billion and a solvency funding level of 76%.

There are two main reasons for the change. Firstly, the value of the Fund's assets increased more than its liabilities. Secondly, we changed some of the assumptions used to calculate the figures, which meant the estimated value of the solvency liabilities reduced.

## Changes following the last valuation

### Contribution rate

As part of the valuation, we agree with Unilever what contributions should be paid to fund the benefits that members will build up in future. Following this assessment, Unilever will pay £15 million each year as its share of the cost of these future benefits and for the expenses of running the Fund.

### Long-term funding target

As well as the technical provisions funding level, we have also agreed with Unilever to use an additional lower-risk basis to measure our liabilities - called the 'low employer dependency' basis. Previously our long-term funding target was to reach a funding level on the low employer dependency basis of 105% by 31 December 2029. The Fund has performed well and the 105% target was met at the 31 March 2022 valuation date. Because we met this target early, the Fund's aim is now to remain at or above that funding level.

### 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 have not.

#### **The Pensions Regulator hasn't needed to get involved in the Fund**

The Pensions Regulator has a number of powers over pension funds 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 has not.

### 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 latest TCFD statement is available to view and download from the Quick Links section of the Fund's website [uukpf.co.uk](http://uukpf.co.uk). If you'd like a hard copy of the statement please contact Unilever Pensions using the contact details on page 8.

## Where to go to find out more

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

Read and download the Annual Report and Financial Statements from the Quick Links section 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 in our Annual Report and Financial Statements and our Statement of Investment Principles.

You can read and download a copy from the Quick Links section at **uukpf.co.uk**

To request a hard copy please contact the Fund Secretary:

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