Unilever UK Pension Fund

Report and Accounts

For the year ended 31 March 2014

Contents

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

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

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

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

Pension Schemes Registry No. 10247063

Welcome

Tony Ashford

From the Chairman of the Trustees

Welcome to the Trustee Report and Accounts for the Unilever UK Pension Fund (the "Fund") for the year ending 31 March 2014.

I was very pleased to be appointed as the new Chairman of the Fund from 1 June 2014 following the very successful completion of Liz Airey's two terms of office as my predecessor. I am really looking forward to my role.

2013/14 continued to be a period where there was continued weakness but some signs of growth in the world economy. Despite this we continued to see very positive returns from our assets. The overall return on our defined benefits assets was 7.7%. Unfortunately, however, despite a small increase in gilt yields they remain at historically very low levels. This is important to us because gilt yields drive the discount rate that we use to determine the size of our liabilities (i.e. our pension obligations).

In the UK, pension matters remained very much centre of the political and regulatory stage. Changes were announced or implemented regarding the taxation position for pensions (particularly for high earners) and the approach to State pensions. The Pensions Regulator (tPR) continues to play an increased role, not least with tPR being given a new objective and taking an increasing interest in Defined Contribution (DC) pension arrangements. Potentially far reaching changes to the regime for DC pension arrangements were also announced in the 2014 Budget.

The year was once again a busy period for the Fund. Further information is contained in the remainder of this Report but the highlights were as follows:

My fellow Trustees agreed the triennial valuation with the Company. This process includes agreeing prudent long term assumptions to determine whether the Fund has a funding deficit or surplus. In turn, the process then includes agreeing the level of contributions required to correct the funding position and to provide for the build up of new pension benefits. At the 31 March 2013 valuation date, the Trustee Board and Company came to the conclusion that we had a funding deficit of £1.2 billion. The Company and Trustee Board further agreed a plan designed to eliminate that deficit over an eight year period, which comprises of investment returns and the Company making deficit recovery contributions at a rate of £90.6 million each year for the next eight years. In addition, we agreed that the Company will pay regular contributions for future Career average benefits at a rate of 23.9% of pensionable earnings (between the Career average plan lower and higher pensionable earnings levels) less members' contributions for all active members. During the valuation process, the Trustees and Company also reviewed, and improved, the commutation factors used for those members who give up part of their defined benefit pension to provide a tax free lump sum. The position will be reviewed in three years time when we complete our next actuarial valuation. Since the 31 March 2013 valuation date, because of positive investment returns and a small increase in gilt yields, the funding position has improved and so we are already ahead of our expected recovery plan position.

On the investment side, over the year the Trustees took an important decision to redefine how we characterise our investment strategy. Previously, our starting point was purely in terms of allocations to different asset classes whereas going forward our starting point is to consider different weightings to different groups of asset types based on their purpose (e.g. growth and income).

During the year, we also took further steps to develop our approach to environmental, social and governance (ESG) issues following our appointment of Hermes and Sustainalytics that we reported last year. These two companies will help us actively engage with companies in whom we invest or might invest to encourage them to take account of positive ESG approaches. We believe that this is in the long term interest of the Fund.

On the governance side, we saw some changes to our Trustee Board at the end of the year. Following an internal promotion into a role which may mean he is conflicted, James Barnes resigned and was replaced by Glenn Quadros. Martin Grieve took up a new job opportunity outside Unilever and so resigned and was replaced by Daniel Jones. Martin and James made a significant contribution to the Board over their time as trustees. We also saw the departure of Philip Ratcliffe as our first deferred Member Nominated Trustee Director following his retirement.

Philip also made a significant contribution and oversaw a step change in our approach to audit and risk management. Ian Morgan was appointed as the deferred Member Nominated Trustee after the end of the year.

On the communication side, we continued to provide our regular communications to members by way of our newsletters, website and our Summary Funding Statement (that set out in detail the results of our actuarial valuation). In addition, we sent targeted information to those of our members who we thought may be impacted by the tax changes mentioned above. We also carried out our annual renewal exercise to provide information to active members on the benefits they have built up in the Fund and their pension choices. In 2013, working with the Company, additional information was made available to our active members via a financial education programme to help our members make pension decisions in the context of wider financial considerations.

The year also saw the Company and therefore the Fund needing to comply with the Government's new auto-enrolment requirements. For the Fund however this had limited impact because we have already been operating an auto-enrolment process on a voluntary basis since 2005.

Going forward, our Trustee agenda remains busy. Our current priorities include further developments to our investment approaches including a likely refinement to our approach to managing our equity portfolios and further enhancements to ESG matters. 2014/15 is also a very important year for our administration arrangements as the Company makes a change to its payroll supplier and Aon Hewitt, our outsourced pension administrator, make a change to our benefits administration system.

Finally, I would like to thank my fellow Trustees for their hard work in overseeing the stewardship of the Fund. In particular, I would like to thank Liz Airey for the leadership that she gave to the Fund whilst Chairman. I would also like to thank Unilever's in- house pension teams, both those in Unilever UK Pensions and the Univest Company (Unilever's in-house investment services department) who I know provided invaluable support over the year.

Tony Ashford
Chairman, Unilever UK Pension Fund Trustees Limited.

Introduction

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

- **a defined benefit (DB) section – which is also split into two parts: the 'Career average plan' and the closed 'Final salary plan'; and**
- **a defined contribution (DC) section called the 'Investing plan'.**

Members of the Career average plan build up a pension of 1/60 of their pensionable earnings between two levels in each plan year of pensionable service. From 1 April 2014 the lower level is £5,828 and the higher level is £53,900.

Members can use the Investing plan to top up the benefits they are building up in the Career average plan (by paying extra voluntary contributions). Unilever also makes a contribution to the Investing plan of 12.5% of any pensionable earnings above the higher level. Members can choose to take some or all of this contribution as cash instead.

Before 1 July 2012, members who joined the Fund before 1 January 2008 were also able to build up benefits in the 'Final salary plan'. The Final salary plan closed to future build up of benefits on 30 June 2012 and active members of that plan moved to the Career average plan.

More detailed information on longer-term trends is provided in the 10 year statistics table and supporting notes that start on page 56.

The accounts in brief

	£ million
Fund value at 1 April 2013	**6,558.4**
Income	
Contributions paid in by Unilever and Fund members	147.9
Transfers in from other schemes	72.0
Income from investments	145.8
Outgoings	
Benefits payable to members (pensions and lump sums)	(303.5)
Payments to leavers	(7.9)
Fees and expenses (advisers, administration, direct fund managers)	(25.1)
Change in market value of Fund investments	**347.4**
Fund value at 31 March 2014	**6,935.0**

The value of the Fund increased during the year, partly due to investment returns, but also due to additional contributions from the Company and the assets transferred in from the Unilever UK Supplementary Pension Fund. The Fund's accounts in full start on page 36.

The funding level of the defined benefit section

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

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

The point of carrying out valuations is to monitor the funding situation and decide what actions are necessary to make up any shortfall they show. Our Fund's last formal valuation date was 31 March 2013 and this valuation was recently completed. It showed the following:

Shortfall at 31 March 2013	£1,190m
Funding level at 31 March 2013	85%

Following discussion with the Company we have agreed that, in addition to regular contributions in relation to new benefit accrual, the Company will pay an additional £90.6 million each year until 31 March 2021.

The scheme actuary has also provided us with an update of the funding level at 31 March 2014.

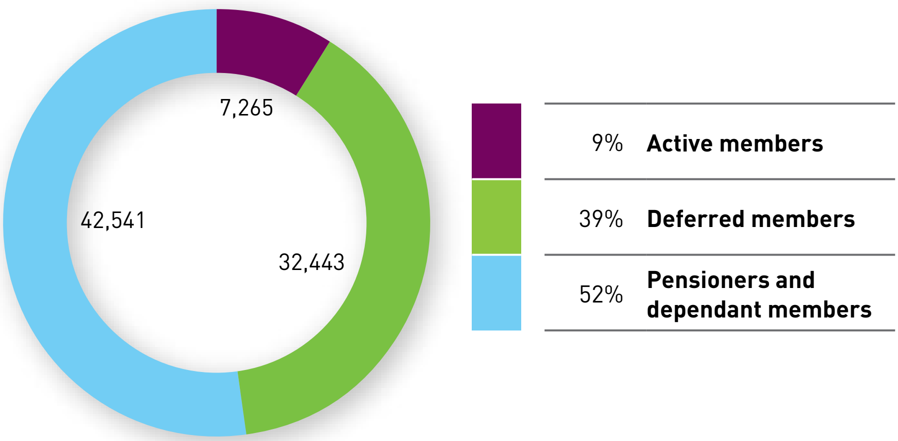
Shortfall at 31 March 2014	£385m
Funding level at 31 March 2014	95%

When we conducted our most recent valuation (and in previous valuations) we took account of our view that Unilever provides a strong covenant to the Fund. By this we mean that we can set a funding target below that required to fully buy out our liabilities with an insurance company because we believe that the scheme should be considered as a going concern and that Unilever can adequately support any funding shortfall. The Trustees appointed a pension consultancy firm called Penfida to help us with the covenant evaluation. Trustee advice is Penfida's specialist area, and we engaged them to carry out an independent assessment of Unilever's covenant as part of the recent valuation process.

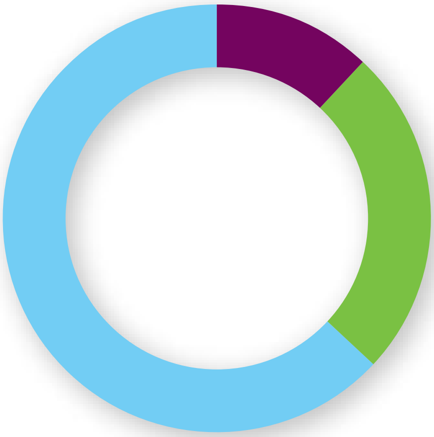
Membership profile

This shows headline figures for the Fund membership at 31 March 2014.

You can find a more detailed breakdown (including changes over the year) on pages 62 and 63.



This chart shows the breakdown of our members based on each category's estimated proportion of the total liabilities of the Fund. This is based on a roll forward of the 2013 valuation results using actuarial assumptions rather than actual movements in the Fund's membership.



12%	**Active members**
25%	**Deferred members**
63%	**Pensioners and dependant members**

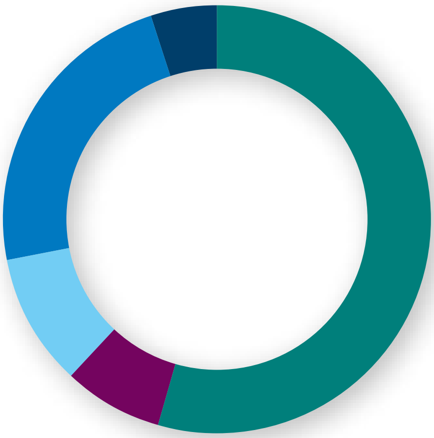
Investment summary for the defined benefit section

We measure our overall return against the change in our pension liabilities and against that measure our return to 31 March 2014 was -7.6%. We also measure our actual investment returns against market returns (benchmarks) for each asset class. The total Fund return for the year on our defined benefits assets to 31 March 2014 was 7.7%.

The chart shows the strategic asset allocation of the Fund's assets across different types of investment at 31 March 2014.

Actual holdings will vary from the strategic holdings by varying amounts as asset prices change. Holdings are rebalanced when they move out of agreed ranges.

The full investment report starts on page 21.



Strategic asset allocation

54.5%	Growth Assets
7.5%	Other Diversifying
10.0%	Inflation Assets
23.0%	Income Assets
5.0%	LDI & Collateral

Investing plan

The Investing plan is the DC section of the Fund. Fidelity is the Investing plan's investment provider and administrator. Members can use their Investing plan account to provide additional benefits on retirement or death.

At the year-end the Fund had total Investing plan assets of £49 million. The assets are made up of seven different investment funds and members can choose to invest their contributions and those from the Company in any of those different funds. The return on the Moderate Growth Fund (which is also the default fund and accounts for more than 80% of the total) was 7.6% against a benchmark of 7.5%.

You can find more information in the investment report on page 30.

In addition there are a small amount of defined contribution funds invested in older Additional Voluntary Contribution (AVC) arrangements (in place before the Investing plan opened). These options are no longer available to new investors who have access to the Investing plan instead. You can find more information in the notes to the accounts on pages 38 to 49.

Trustees and Advisers

Trustee Company: Unilever UK Pension Fund Trustees Limited

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

- an independent Chairman of the Trustees jointly appointed by Unilever Plc and the Trustees;
- five directors appointed by Unilever Plc; and
- five directors nominated by members.

Details of trustee remuneration are in the notes to the accounts on page 49.

Appointment and removal of Trustee Directors

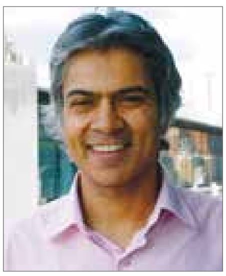
Company nominated and Independent directors are appointed in line with the Trust Deed and Rules.

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

- Two pensioner directors – nominated and elected by pensioners;
- One deferred member director – nominated by deferred members and appointed by the Board; and
- Two active member directors – nominated and elected by active members. (There are two constituencies and each elects its own member).

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

Tony Ashford



Glenn Quadros

Richie Furlong

Roger Reed

Mike Samuel

Daniel Jones

Changes to the Board

Joining the Board
Daniel Jones (appointed 1 September 2013)

Glenn Quadros (appointed 5 March 2014)

Ian Morgan (appointed 1 May 2014)

Tony Ashford (appointed 1 June 2014)

Leaving the Board
Martin Grieve (resigned 14 June 2013)

James Barnes (resigned 3 December 2013)

Philip Ratcliffe (term of office ended 28 March 2014)

Liz Airey (term of office ended 31 May 2014)

The current Trustees

Independent Chairman
Tony Ashford

Appointed by Unilever PLC
Glenn Quadros

Richie Furlong

Roger Reed

Mike Samuel

Daniel Jones

Elected by eligible active employees
Mike Ridyard

Bill Hodgson

Selected from deferred members
Ian Morgan

Elected by eligible pensioners
Richard Clark

David Bloomfield

Other roles

Fund Secretary to the Board
Andy Rowell

Independent Investment Professional
Catherine Claydon

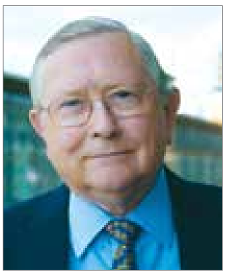
Independent DC Professional
Ian Maybury


Mike Ridyard


Bill Hodgson


Ian Morgan


Richard Clark


David Bloomfield

Current Advisers

Scheme Actuary
Richard Whitelam FIA, Aon Hewitt

Actuarial advisers
Aon Hewitt Limited

Independent Auditor
Grant Thornton UK LLP

Internal auditor
KPMG LLP
(appointed 27 February 2013, resigned 31 December 2013)

Banker
HSBC Bank PLC

Custodian
The Northern Trust Company

Investment consultants
Mercer Limited

Aon Hewitt Limited

Covenant adviser
Penfida Partners LLP

Investment managers
Allianz Global Investors Europe GMBH (appointed 28 April 2014)

BlackRock Advisors (UK) Limited

CB Richard Ellis Global Investors Limited

Cantillon Capital Management LLP

FIL Pensions Management Limited

Goldman Sachs Asset Management International

Highbridge Capital Partners (Appointed 15 March 2013, but first investment not made until the 2013/14 Fund year)

Investec Asset Management Limited

J.P. Morgan Asset Management (Europe) S.a.r.l.

Lazard Asset Management Limited (terminated 15 April 2014)

M&G Investment Management Limited

Northern Trust Luxembourg Management Company SA*

Ownership Capital B.V (appointed 25 April 2014)

Pantheon Ventures (UK) LLP

River and Mercantile Asset Management LLP

Schroders Investment Management Limited

Property valuer
Colliers International

Legal advisers
Slaughter and May

Travers Smith LLP

DLA Piper UK LLP

Cravath Swaine & Moore LLP

Elvinger Hoss & Prussen

Ogier

* The Northern Trust Luxembourg Management Company SA is the investment manager for funds accessed through the Univest pooled investment vehicles. Accordingly there are additional indirect investment managers of assets that are shown in the accounts as "pooled investment vehicles". For more information on Univest, see 'Investment management structure' on page 26.

Administration and contact details

Unilever UK Pensions
Andy Rowell (Head of Trustee Services and Fund Secretary)

Peter Bewley (Service Delivery Manager)

Unilever UK Pensions
Unilever House
Springfield Drive
Leatherhead
KT22 7GR

Univest Company
Mark Walker (Global Chief Investment Officer)

Lever House
3 St James's Road
Kingston
KT1 2BA

Enterprise Support HR Services
(for queries from active members)

0800 028 4390

es.hrservicesuk@unileverhrservices.com

Unilever Pensions Team
(for queries from pensioners and deferred members)
Unilever Pensions Team

Aon Hewitt Ltd (formally Hewitt Associates Outsourcing Limited)

Aon Hewitt
PO Box 1480
Hemel Hempstead
HP1 9PB

0800 028 0051

unileverpensionsteam@aonhewitt.com

Trustee Diary - Activities during the year to 31 March 2014

We normally hold quarterly meetings to conduct the business of the Fund with additional meetings of Committees or Working Parties when necessary. The dates of the regular normal full board meetings, training/strategy days and Committee meetings are shown below.

Date	April 2013	May 2013	June 2013	July 2013	August 2013	September 2013
Meeting	**16 April** Quarterly full Board	**21 May** Investment & Funding Committee	**4 June** Operations and Benefits Committee **17 June** Defined Contribution Committee **19 June** Audit & Risk Committee	**16 July** Quarterly full Board **17 July** Trustee Training Day **23 July** Defined Contribution Committee Strategy 'Away Day'	**14 August** Audit & Risk Committee	**5 September** Investment & Funding Committee **6 September** Defined Contribution Committee **10 September** Audit & Risk Committee **12 September** Operations and Benefits Committee

Additional Special Board meetings were held to discuss the March 2013 valuation and the appointment of a new Chairman.

Keeping in touch with members

The regular communications sent out to members during the year are set out in the table below:

July 2013	October 2013
Active members **Benefit statements and annual renewal leaflet** Active members received their annual renewal leaflet outlining their choices and providing relevant information and forms for making those choices. Benefit statements were included with this leaflet to help members make informed decisions.	Active members **Confirmation statements** Statements to active members confirming the choice they made in response to their annual renewal leaflets.

Trustees' report

October 2013	November 2013	December 2013	January 2014	February 2014	March 2014
9 October Quarterly full Board **10 October** Trustee Strategy day	**19 November** Investment & Funding Committee	**3 December** Operations and Benefits Committee **5 December** Audit & Risk Committee **6 December** Defined Contribution Committee	**15 January** Quarterly full Board	**24 February** Investment & Funding Committee **27 February** Audit & Risk Committee	**4 March** Operations and Benefits Committee **5 March** Defined Contribution Committee

January 2014	March 2014
Active, deferred and pensioner members **'Fund Focus'** Our annual Fund newsletter featuring updates on the Fund, Trustee activities and news about the wider world of pensions. It also included a summary of the report and accounts as well as a short member feedback survey included for a sample of members.	**Active, deferred and pensioner members** **Summary Funding Statement** A statement sent to all members to communicate the results of the 2013 valuation. This also included information for active and deferred members about the change in commutation factors from 1 January 2014. **Pensioner members** **'Your pension'** Our leaflet for pensioners telling them the annual pension increase.

Trustee Committees

A number of Trustee Committees manage or oversee various matters delegated to them by the Trustee Board. The Committee memberships shown below are as at 8 October 2014.

Audit & Risk Committee (ARC)
Daniel Jones (Chairman)

Mike Ridyard

Ian Morgan

David Bloomfield

(Secretary: Nicola Pugh)

The ARC acts as an audit committee for both external and internal audits. The ARC also oversees the Board's risk management processes, and its fraud and whistleblowing policies.

During the year, the ARC's main activities included:

- overseeing the Fund's annual statutory audit and the production of the Annual Report and Accounts;
- overseeing the Fund's risk management programme, including the implementation of a formal risk management framework, and a review of the risk reporting to the Board;
- approving the scope of, and reviewing the reports on, a number of internal audit projects; and
- making recommendations on business planning and budgeting.

In December 2013, the Company announced that KPMG would be appointed as auditor to the Unilever Group. For independence reasons KPMG was therefore required to resign as internal auditor to the Fund. The ARC are currently considering how best to obtain the assurance over internal processes and controls previously provided by Internal Audit, and expect to make a decision later in 2014.

Investment & Funding Committee (IFC)
Mike Samuel (Chairman)

Catherine Claydon
(Independent Investment Professional)

Tony Ashford

Richard Clark

Richie Furlong

(Secretary: Karianne Lancee)

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

You can find further details of the IFCs work in the Investment Report starting on page 21.

Operations and Benefits Committee (OBC)
Bill Hodgson (Chairman)

Glenn Quadros

David Bloomfield

Roger Reed

(Secretary: Peter Bewley)

The OBC regularly reviews and monitors the administration of the Fund. This includes reviewing the performance of the Fund administrators (Aon Hewitt Ltd) and monitoring any legal changes affecting benefits and administration. The OBC also exercises certain discretionary powers for administration and death benefits, and deals with any Internal Dispute Resolution cases that may arise during the year.

The OBC continues to play a lead role in recommending a communications plan to the Board, with input from the DC Committee on DC matters.

Other activities during 2013/14 included:

- building on work done in the previous Fund year, further oversight of the work carried out by Aon Hewitt (and overseen by an independent specialist, ITM) to improve the quality of the Fund's data;
- working with Aon Hewitt to bed in the new requirements of the renegotiated contract with them, including the preliminary steps to move to a new benefits administration system;
- working with the Company to allow for the Company's move to a new outsourced payroll supplier; and
- working with the UK Pensions team and the Company's payroll supplier to ensure that all the new auto-enrolment requirements were met.

Defined Contribution Committee (DCC)

Roger Reed (Chairman)

Ian Maybury
(Independent DC Professional)

Richie Furlong

Mike Ridyard

Tim Munden

(Secretary: Andy Dunlop)

This Committee looks at governance, administration and communication matters for the Fund's DC arrangements, as well as the ongoing suitability and performance of investment options in both the Investing plan and the legacy AVC arrangements.

Tim Munden is Vice President HR, Unilever UK and Ireland. Although he is not a Trustee Director, he must act in line with the same Trustee duties as the other members of the Committee.

During the year, the DCC has:

- monitored the performance of the Investing plan funds against their respective benchmarks;
- monitored the performance of the Investing plan administrator (Fidelity);
- approved the DC messages for communications to members;
- identified and documented the DC services provided by the UK Pensions Team to the Trustees for inclusion in a revised service level agreement; and
- identified training needs in the Committee using the Pension Regulator's TKU guidance as a basis for this review.

You can find further details on the performance of the Investing plan funds, as well as changes made to the Investing plan investment portfolio over the period, in the Investment report.

Trustee working parties

In addition to the formal committee structure, Trustee 'working parties' are used to address particular issues. During the year the following working parties operated to consider the following (with some continuing after the year-end):

- the Fund's valuation as at 31 March 2013;
- the Company's proposal to transfer in the Unilever UK Supplementary Pension Fund to the Fund;
- the Trustees' engagement with members;
- the Fund's investments and environmental, social and governance matters;
- the formation of a forum to facilitate coordination between the Committees; and
- the appointment of a new Chairman in 2014.

Trustee Knowledge and Understanding (TKU)

By law, trustees of pension schemes are required to have a certain level of knowledge and understanding of pensions. The Pensions Regulator (tPR) sets out what the 'TKU' level should be and how trustees can maintain it.

For example, trustees should be able to:

- understand their own schemes and how they work (including having a 'working knowledge' of the scheme's important documentation);
- engage effectively with their advisers; and
- ensure there is a regime for the proper governance of their scheme.

The Fund continues to run a training programme to ensure that Trustees meet the 'TKU' standards which includes:

- an induction programme for new Trustees;
- completing tPR's online trustee toolkit;
- an annual Performance Development Plan process for Trustees to identify any gaps in knowledge, and activities they will undertake to develop their TKU;
- keeping logs of training received during the year for each Trustee and the Board as a whole; and
- an annual Trustee training day and ad-hoc training as needed.

Changes to the Trust Deed and Rules

The official document governing the running of the Fund is the Trust Deed and Rules. Changes are made to that document from time to time through a Deed of Amendment.

During the Fund year, four changes were made in this way:

Date the Deed was executed	Change
27 June 2013	A new section of the Fund was created with effect from 1 July 2013 specifically for the small number of employees not normally eligible for UK pension provision, but who do fall within the scope of the auto enrolment legislation. The Company had to auto enrol such employees into a qualifying scheme by 1 July 2013.
19 December 2013	Changes were made so that for all deaths on or after 1 January 2014, surviving Civil Partners have the same Fund benefits as surviving husbands or wives.
21 January 2014	It was made clearer in the Rules that when calculating the Final salary plan pension for members who switched or were switched to the Career average plan, the amount of the lower earnings limit (a limit set by the Government each year) used in the calculation should be determined at the date Career average plan pensionable service ends and not at the date the member switched to the Career average plan.
27 March 2014	A change was made to introduce a protective measure, for members who have Fixed Protection 2014, against the inadvertent and unintentional loss of that protection. This applies to those members who have opted out of the Fund and applied to HM Revenue and Customs to have a personal fixed Lifetime Allowance of £1.5 million.

Contributions paid during the year ended 31 March 2014

Following the introduction of 'salary sacrifice' in May 2005 (the 'Unilever Contribution Arrangement' or 'UCA'), Unilever makes contributions on behalf of those members taking part, on top of its own contributions. Members sacrifice an amount of their salary equal to their regular pension contributions. This results in a National Insurance contribution saving for both members and the Company.

Regular employee-member contributions

Career average plan

5% of pensionable earnings between a lower and higher level. From 1 July 2012, members have the option of contributing 6.5% for a pension in payment increase rate in line with inflation up to 5% a year instead of 3% a year.

At 1 April 2013, the lower level was £5,675 and the higher level was £51,600.

Unilever's contributions

Career average plan

During the year contributions were payable at:

- 20.5% of pensionable earnings between the two levels (less employee contributions) for active members who are ex-Final salary plan members; and
- 13.4% of pensionable earnings between the two levels (less employee contributions) for active members who were existing Career average plan members.

From 1 January 2014, to cover the cost of future benefit accrual, this changed for all active members to 23.9% (less employee contributions) of active members' pensionable earnings between the two levels. In addition, Unilever pays 12.5% of pensionable earnings above the higher level, paid into the member's Investing plan account, or salary (less deductions), or a mix of both.

Unilever also:

- made a contribution of 3% of matched contribution salary (pensionable earnings up to 100% of Work Level 2B salary, for 2013/14 £46,900) for ex-Final salary plan members to the Investing plan up to 30 June 2013;
- matches extra voluntary contributions made by ex-Final salary plan members to the Investing plan up to 2% of their matched contribution salary from 1 July 2013; and
- matches extra voluntary contributions to the Investing plan for all other active members up to 2% of their matched contribution salary from 1 July 2012.
- Pays into members' Investing plan accounts a discretionary contribution of currently 10.4% of extra voluntary contributions which are made by members through the Unilever Contribution Arrangement.

Special contributions

£87.4 million broken down as follows:

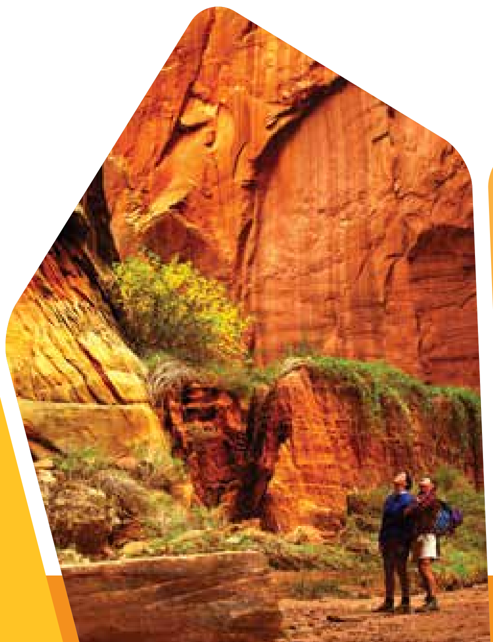
- £84.3 million contributions towards making up the funding deficit. See the Summary of Contributions on page 55.
- £2.0 million contribution towards the Pension Protection Fund (PPF) levy.
- £1.1 million augmentation of member benefits.

Pension increases

Final salary plan	Most pensions in payment (above Guaranteed Minimum Pensions, or GMPs) built up before 1 January 2008 increase on 1 April each year in line with RPI inflation up to 5% a year. Pensions in payment (above GMPs) built up between 1 January 2008 and 30 June 2012 increase on 1 April each year in line with RPI inflation up to 3%, unless the member has chosen to pay towards increases of up to 5%. The Fund is responsible for paying increases to certain parts of members' GMPs (where applicable).
Career average plan	Pensions in payment built up between 1 January 2008 and 30 June 2012 increase on 1 April each year in line with RPI inflation up to 2.5%. Pensions in payment built up from 1 July 2012 increase on 1 April each year in line with RPI inflation up to 3%, unless the member has chosen to pay towards increases of up to 5%.

The general increase to pensions in payment (above the GMP) on 1 April 2014 was 2.8% (April 2013 3.3%), the increase in the Retail Prices Index from January 2013 to January 2014. This increase was applied as above with no discretionary increases from the Company. The minimum increase applied to some benefits was 0% and the maximum was 5%.

Deferred pensions increased by 2.8% for accrued Final salary and Career average benefits built up before 1 July 2012. Career average plan pensions built up from 1 July 2012 do not generally get an annual increase; they will be increased at retirement to reflect the increase over the period of deferment. Deferred pensions from acquired pension funds may have different increases. The lowest increase was 0% and the highest was 5%.



Transfer values

Transfer values are worked out in line with Section 97 of the Pension Schemes Act 1993 as amended by The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008, which came into force on 1 October 2008.

A Cash Equivalent Transfer Value (CETV) is a cash sum representing the expected cost of providing the member's benefits in the Fund. The Trustees set the assumptions for calculating CETVs (having taken advice from the Scheme Actuary) which, taken as a whole, need to provide at least the "best estimate" of the amount required to make provision within the Fund for the member's benefits. During 2011, the Trustees were advised that CETVs had become overinflated because of the reduction in long term gilt yields. It was not clear at the time how long the market conditions would continue for. Due to the Fund's investment strategy, the expected cost of providing benefits in the Fund does not automatically increase significantly when gilt yields fall. Therefore, following actuarial advice, in March 2012 the Trustees agreed that rather than reprogramming the CETV calculations, which would have been a costly exercise, they would adopt a simple fix to ensure that CETVs were calculated as they ought to be – as the "best estimate" of the expected cost of providing member's benefits in the Fund. The simple fix was to use gilt yields as at July 2011 in the CETV calculation rather than updating the gilt yield values each month according to market conditions. The Trustees' advisers regularly monitored monthly market conditions and the Trustees continued to agree to calculate CETVs using the July 2011 gilt yields throughout the Fund year.

Following the completion of the valuation of the Fund as at 31 March 2013, the Trustees fully reviewed the CETV calculation basis following the end of the Fund year. The Trustees, on actuarial advice, agreed to update the assumptions used and revert from 1 July 2014 to using a discount rate based on current market conditions.

During the Fund year, Unilever's discretionary practice was to waive the early retirement reductions applicable at ages 60 to 65 for relevant members who met certain conditions. Transfer value calculations included an allowance for this only where the member concerned was already eligible for the discretionary practice to apply.

Transfer value calculations did not allow for discretionary increases to pensions in payment or deferred pensions above the guaranteed amounts.

Transfer in of Unilever UK Supplementary Pension Fund

During the year, the assets and liabilities of the Unilever UK Supplementary Pension Fund (SPF) were transferred to the Fund. The SPF provided benefits to certain senior Unilever employees who qualified for them before 1997. The SPF closed to future benefit build up on 30 June 2012. The DB section of the Fund now provides those benefits. In the context of the Fund this was a relatively modest transfer with assets received amounting to £71.2m. Nevertheless, the Trustees reassured themselves, with independent advice, that accepting the transfer was not detrimental to the Fund.

Other information

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

No refunds have been made to the employer during the year (2013: nil).

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

The Trustees' Report, Statement of Trustees' Responsibilities, Investment Report and Financial statements were approved at a meeting of the Board on 8 October 2014.

On behalf of the Trustees

A ASHFORD
Chairman

A ROWELL
Secretary

8 October 2014

Statement of Trustees' responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, are the responsibility of the Trustees. Pension Scheme regulations require the Trustee to make available to Fund members, beneficiaries and certain other parties, audited accounts 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 that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Fund in the form of an Annual Report.

The Trustee is 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 payable towards the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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

The Trustee is also responsible for the maintenance and integrity of the Unilever UK Pension Fund's website (www.uukpf.co.uk).

Investment report

This investment report sets out details of the investment strategy and covers its implementation. It also includes the investment returns achieved by the Fund during the year in comparison to the appropriate benchmark - a summary of the investment managers currently in place for each asset class, and changes made during the year.

The investment environment was positive over the year, with investment sentiment gradually improving over the year albeit was not a smooth ride. Solid positive returns were seen from developed equity markets while emerging markets were laggards in 2013. The Investment & Funding Committee (IFC) continues to review investment performance and risk on a regular basis.

More information on the economic background is at the end of the investment report.

This Report also provides an overview of the Investing plan. Fidelity can provide members with performance details of their underlying investments on request.

1) Information relating to DB assets

Governance

The Trustees regularly review the Fund's investment governance processes, taking into account any relevant industry consultations as well as appropriate best practice and principles. The Fund is developing its own Environmental, Social and Governance (ESG) policy, including engagement and voting policies. These are reviewed regularly, and the processes supporting the engagement and voting policies are enhanced as and when considered appropriate. ESG considerations are taken into account in the selection, realisation or retention of investments to the extent that they are financially material.

During the year, the Trustees established an ESG Working Party to make recommendations on developing policy in this area. In addition, the Univest Company, an in-house resource which provides investment management services to Unilever pension funds, became a signatory to the United Nations sponsored Principles of Responsible Investment on behalf of all those funds. The appointment of Hermes Equity Ownership Services and Sustainalytics last year has helped the Fund in fulfilling its duties as an active owner, providing proxy voting, engagement and screening services. Voting and engagement information is available on request.

The Trustees of the Fund appointed two new global equity managers in April 2014. These managers invest similarly to the other global equity managers but take greater account of ESG factors in their stock selection process.

The Fund remains fully supportive of the UK Stewardship Code and, through Hermes Equity Ownership Services, seeks to apply its Principles.

Investment Strategy

As a mature section of the Fund, with a small number of active members compared to pensioners and deferred members, the Fund has an investment strategy that ultimately aims for self-sufficiency (that is, where it is not dependent on the Company for potential deficit contributions), and which, as progress is made towards achieving this, reduces the level of risk as the funding level improves. The initial phase of this strategy is to target a return of gilts plus at least 3% a year while taking an appropriate level of risk. The strategy was set by the Trustees after fully considering the funding objectives, the level of risk inherent in targeting a return in excess of gilts, an assessment of the strength of the Unilever covenant to support the Fund, and also the Company's views on the investment strategy.

During the year, we took a different approach to the investment strategy framework and changed the way we think about asset allocation as well as assessing and monitoring risk. This has led to a greater clarity and focus on objectives, an improved investment governance framework and a shift towards investing with less risk of short-term decision-making detracting value. Asset classes are now grouped into categories that are clearly aligned with objectives. Another change is that we now explicitly allow for the liability driven investment (LDI) mandate in the asset allocation. The Trustees continue to have responsibility for the overall risk/return objectives while the IFC has responsibility for the asset allocation within the categories, under broad guidelines from the Trustee. The five asset categories are:

- "LDI and collateral" – cash and other assets to support the Fund's liability hedging.
- "Growth" – for long-term returns in excess of liability growth.
- "Income" – for future cash flows similar to the liability cash flows.
- "Inflation" – for (real) returns expected to be linked, in some way, to inflation.
- "Other diversifying" – to act as risk/return diversifiers to the growth assets.

There is currently still a high proportion of growth assets in the Fund. These growth assets do not behave in the same way as the liabilities. The de-risking plan will continue increasing the amount of income and LDI/collateral assets that match the liabilities as market conditions and funding levels allow. Growth assets will decrease over time as funding levels improve.

Details of the strategy, together with other important investment information for the Fund, is set out in a Statement of Investment Principles ("SIP") as required by Section 35 of the Pensions Act 1995 and Section 244 of the Pensions Act 2004. The current SIP was approved by the Trustee Board on 10 October 2013 to take account of the revised strategy framework that has been adopted. It is the Trustees' policy to review the SIP every three years and immediately after any significant change in investment policy. A copy of the SIP is available from the Fund Secretary on request.

The Fund's strategic asset allocation at 31 March 2014, together with the comparative position at 31 March 2013, is set out below.

		2014 (%)	2013 (%)
Growth Assets	Equities	48.5	50.0
	Private Equity	6.0	6.0
	Total	**54.5**	**56.0**
Other Diversifying	Hedge Funds	7.5	7.5
	Total	**7.5**	**7.5**
Inflation Assets	Property	7.5	7.5
	HLV Property	2.5	2.5
	Total	**10.0**	**10.0**
Income Assets	High Yield Debt	3.7	3.7
	Emerging Markets Debt	3.8	3.8
	Private Debt	1.5	0.0
	Corporate Bonds	14.0	14.0
	Total	**23.0**	**21.5**
LDI and collateral	LDI	5.0	0.0
	Other	0.0	5.0
		5.0	**5.0**
	Total	**100.0**	**100.0**

HLV Property (High Lease to Value) generates long-term predictable cash flows, and is characterised by a long-lease length (20+ years) with a link to a reference rate (RPI).

The LDI mandate was brought into the strategic asset allocation during the period.

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

The Fund's investments (excluding DC and AVC investments) by type of asset as at 31 March 2014 were as follows:

	31 March 2014		31 March 2013	
	£ million	%	£ million	%
Bonds				
UK public	**6.9**	**0.1**	1.9	0.0
UK private	**179.2**	**2.6**	170.1	2.6
Global ex-UK private	**717.7**	**10.4**	583.5	8.9
Indexed linked securities *	**925.6**	**13.4**	600.5	9.2
Emerging market debt	**246.7**	**3.6**	197.3	3.0
Global high yield	**246.8**	**3.6**	204.8	3.1
Private debt	**41.8**	**0.6**	0.0	0.0
Equities				
UK	**589.7**	**8.6**	506.5	7.8
Global ex-UK	**2,576.1**	**37.4**	2,617.2	40.1
Derivative contracts (net)	**26.3**	**0.4**	67.0	1.0
Private equity	**471.0**	**6.8**	487.8	7.5
Hedge funds	**415.9**	**6.0**	420.0	6.4
UK property	**616.8**	**9.0**	538.5	8.3
Cash, deposits and other investments	**(175.5)**	**(2.5)**	135.9	2.1
	6,885.0	**100.0**	6,531.0	100.0

* includes assets held as part of the Liability Driven Investment (LDI) mandate

The negative figure in respect of 'Cash, deposits and other investments' of 2.5% is largely the result of the impact of the Fund's LDI strategy.

The above breakdown shows the market value of the assets reported in the accounts with pooled investment vehicles included within the asset class of the underlying assets. However, the Fund's actual exposure to different types of assets is slightly different due to the Fund's use of derivatives. When re-analysed in this way, i.e. allowing for the use of derivatives, the effective exposure to the following asset classes changes as follows:

	31 March 2014	
	£ million	%
Equities		
Global ex-UK	2,759.8	40.1
All other assets	4,484.4	65.1
Cash, deposits and other investments	(359.2)	(5.2)
	6,885.0	**100.0**

Investment returns

Investment returns relative to liabilities:
The Trustees are responsible for the investment strategy, and monitor the investment returns of the Fund against a proxy for the Fund's liabilities provided by the Fund Actuary. This gives a measure of changes in the funding level which is separately reported to members annually.

	Asset return %	Change in liabilities %	Asset Return less change in liabilities %
Year ended 31 March 2014	7.7	(7.6)	15.3
Since Inception (1 July 2008) (Annualised)	8.1	4.8	3.3

Investment returns relative to market returns:
The actual investment returns for each asset class are also measured quarterly against the market return (benchmark) in order to assess the performance of the investment managers. A summary of actual returns by asset class compared against the benchmark for the one, three and five year periods to 31 March 2014 are as follows:

	Actual return pa %	Benchmark return pa %	Difference to benchmark pa %
Year ended 31 March 2014			
Equity	8.2	6.0	2.2
Bonds	(2.8)	(2.0)	(0.8)
Property	11.7	8.7	3.0
Hedge Funds	(3.6)	(4.7)	(1.1)
Three years ended 31 March 2014			
Equity	8.6	7.5	1.1
Bonds	7.3	6.9	0.4
Property	8.5	7.7	0.8
Hedge Funds	2.6	(0.9)	3.5
Five years ended 31 March 2014			
Equity	15.9	14.9	1.0
Bonds*	8.6	6.9	1.7
Property**	10.7	10.3	0.4
Hedge Funds	3.8	0.7	3.1

* Includes High Yield Debt, Emerging Market Debt and excludes LDI
** Includes HLV property

Since its inception in 1997, the annualised Internal Rate of Return (IRR) of the private equity portfolio has been 15.0% (2013: 15.2%) against the benchmark of 12.0% (2013: 11.8%).

As indicated above, the IFC reviews performance for each individual manager against the specific benchmarks allocated to them.

Investment managers are paid fees in line with contractual agreements, related to the market value of the assets under management, and, for some, their performance too. Their performance is reviewed quarterly by the IFC. Due to the way fund performance is reported, pooled fund returns are shown net of fees but returns from segregated managers are shown gross of fees.

Investment management structure

The Fund appoints some of its managers directly and some indirectly through pooled arrangements.

Asset class	Managers
Bonds	BlackRock Advisors (UK) Limited
	M & G Investment Management Limited
	Northern Trust Luxembourg Management Company SA (see 'Univest pooled arrangements')
	Highbridge Capital Partners (Appointed 15 March 2013, but first investment not made until the 2013/14 Fund year)
	Univest III
Equities	Cantillon Capital Management LLP
	Investec Asset Management Limited
	Lazard Asset Management Limited (Terminated 15 April 2014)
	Northern Trust Luxembourg Management Company SA (see 'Univest pooled arrangements')
	River and Mercantile Asset Management LLP
	Schroder Investment Management Limited
	Allianz Global Investors Europe GMBH (Appointed 28 April 2014)
	Ownership Capital B.V (Appointed 25 April 2014)
Property	CB Richard Ellis Global Investors Ltd
	Colliers International (independent quarterly valuations)
Private equity	Pantheon Ventures (UK) LLP
Hedge funds	Univest IV and V (see 'Univest pooled arrangements')

Univest pooled arrangements

The Fund invests a proportion of its equity and bond assets in the Unilever Pooled Investment Vehicle (Univest). Established in Luxembourg, Univest is set up as an umbrella vehicle, a 'Fonds Commun de Placement' (FCP), and it is managed by the Northern Trust Luxembourg Management Company SA. The purpose of the Univest vehicles is to optimise the investments of Unilever pension funds worldwide, taking advantage of economies of scale, diversification and expertise.

Northern Trust Luxembourg Management Company acts as a "Manager of Managers" and the Univest pooled vehicle consists of a range of sub-funds, each with investment managers separately appointed by the Univest Investment Committee. Its Investment Committee also oversees the operation of Univest.

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

The investment in the Univest vehicles has been made by the Trustees on an "arms length" basis and the funds' investment performance is formally monitored in the same way as all the Fund's other investments.

The Univest Company

The Univest Company B.V. (Univest Company) was established to provide internal investment support for Unilever pension plans, and brings the in-house Unilever pension investment expertise together into one central unit.

The Univest Company is a wholly-owned subsidiary of Unilever N.V., and is constituted and regulated in the Netherlands. It recovers its costs from the pension plans to which it provides investment support.

The relationship between the Trustees and the Univest Company is governed by a service level agreement negotiated between them, and formal reporting is provided quarterly.

Investment holdings

Concentration of investment
As at 31 March 2014 there were two individual holdings that represented more than 5% of the Fund's total assets:

Pooled Investment Vehicles	Value £ million	%
Univest Global Bond Fund	537.2	7.8
Univest IV Hedge Fund	353.8	5.1

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

Top Ten Global Equity Holdings
The ten largest holdings in equities were as follows:

Name	Value (£ million)	% of Total Equities
Google Inc	27.8	0.9
Samsung Electronic Ltd	24.2	0.8
Unilever PLC	22.8	0.7
BP PLC	22.4	0.7
Taiwan Semiconductor Ltd	21.9	0.7
Royal Dutch Shell PLC	21.4	0.7
Roche Holding AG	21.3	0.7
Rio Tinto PLC	21.0	0.7
Sumitomo Mitsui Financial Inc	19.3	0.6
GlaxoSmithkline PLC	19.2	0.6
Total	**221.3**	**7.1**

The above table represents both the shares held as direct investments, and the attributable holdings in the Univest Pooled Vehicle, which are included on a 'look through' basis.

Employer related investments

On 31 March 2014 the Fund held 731,774 shares in Unilever PLC with a market value of £18.7 million (31 March 2013: £24.4 million). There were no direct holdings in Unilever NV (31 March 2013: £nil), Hindustan Unilever (31 March 2013: £nil), or Unilever Indonesia (31 March 2013: £nil).

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

- 161,344 shares in Unilever PLC with a market value of £4.1 million (2013: £5.1 million) through its investment in the UK Equity sub-fund;
- 27,045 shares in Unilever NV with a market value of £0.7 million (2013: £0.9 million) through its investment in the Europe ex-UK sub-fund; and
- 107,341 shares in Hindustan Unilever with a market value of £0.7 million (2013: £1.1 million) and 247,200 shares in Unilever Indonesia with a market value of £0.4 million (2013: £0.1 million) through its investment in the Emerging Market sub-fund.

Together these direct and indirect investments represent 0.8% of the equity portfolio. This is comfortably within the maximum 5% of the current market value of the resources of the Fund specified in the Occupational Pension Schemes (Investment) Regulations 2005 (SI 2005/3378). Shares in Unilever are purchased at the discretion of the fund managers with no direction from the Trustees or the Company, apart from a requirement to limit any investment to a maximum of 5% of the manager's total investments.

Derivative contracts

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

- the timely implementation of significant moves in the Fund's asset allocation;
- efficient portfolio management; and
- more efficient asset/liability management through its Liability Driven Investment (LDI) mandate with BlackRock Advisors.

Liability Driven Investment (LDI)

The Trustees commenced the LDI mandate in 2010, with the aim of hedging the Fund's liabilities against interest rate and inflation risk, using a range of derivatives for this purpose.

As part of the wider de-risking programme where investment risk is reduced on achieving specific improvements in the funding level, a trigger based hedging framework is in place that is targeting a 50% (increased from 40% during the year) hedge ratio for interest and inflation exposure.

The trigger based framework is based on swap rates, break-even inflation rates and 10 year forward rates.

The interest rate hedge is close to the initial 10% of liabilities hedged as no increase under the current framework took place given that current interest rates are still low. However, to close the gap with the inflation hedge and to reduce risk, it was agreed during the year that the interest rate hedge would increase to 30% over a period of 6-12 months. The inflation hedge is around 29% of liabilities based on current liability cash flows. This will change to around 40% once the new projected cash flows that were updated as part of the Actuarial Valuation process are adopted as the official benchmark due to the lower inflation sensitivity of these new cash flows. No additional aggregate inflation hedging was added during the past year, however existing inflation exposure was switched from shorter to longer maturities to improve the matching profile.

To manage counterparty risk, all derivatives used are collateralised on a daily basis; any increases in the hedging ratio will increase collateral requirements. Collateral arrangements are managed by BlackRock.

Equity holdings of £204 million were originally used as source capital to fund the LDI mandate, and therefore the mandate has the secondary role of maintaining some of the Fund's equity exposure. The equity portfolio is invested passively to gain exposure to US equity markets, either achieved through investment in a passive equity fund or the use of equity derivatives. US dollar currency exposure of physical or synthetic equity is 75% hedged as part of the currency hedging mandate.

Foreign Exchange

In December 2008 the Trustees introduced a currency hedging programme to mitigate the currency risk of overseas investments relative to Sterling liabilities. During the year, the operation of the programme was transferred from Northern Trust to BlackRock, the LDI manager, and its operation was also revised. It was decided to continue with a hedge ratio of 75% but with a slightly different benchmark implementation methodology to match the hedge more closely. Exposure to the main six currencies in the overseas asset holdings is hedged. The currency hedging changes were implemented on 18 February 2014.

Details of the Fund's derivative contracts are in Note 9 of the accounts.

Marketability of investments

At the end of the year over £5 billion of investments were quoted on recognised stock exchanges, so are considered to be marketable on a short term basis. Investments in hedge funds can usually be realised if six to twelve months notice is given. It may take longer to dispose of direct property, private debt and private equity investments.

Global custody arrangements

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

2) Information relating to the Investing plan

Governance and Strategy

During 2007/8 the Trustees established the Investing plan, a defined contribution section of the Fund, which provides money purchase benefits in addition to the Career average plan and the Final salary plan. The Investing plan is also a vehicle for voluntary contributions for members.

In the Investing plan, members can invest in a range of funds with different risk and return characteristics, which are set out in the Rules. The Trustees have responsibility for establishing the investment arrangements to meet these different risk and return characteristics, and have done so to date through a series of blended funds with FIL Pensions management Limited ("Fidelity"). As such, the Trustees have delegated the day to day management of this section to Fidelity. Members can choose where to invest their contributions from the range of managed funds. The default arrangement, if members make no choice, is for contributions to be invested in the Moderate Growth fund, with automatic switching to start at age 55 into the Cash fund at the rate of 10% each year.

The DCC looks at governance, administration and communication matters for the Investing plan. The Investing plan is administered by Fidelity.

Distribution of Assets

The distribution of the Investing plan assets and the total numbers of members investing in each fund at 31 March 2014 are detailed in the table below:

Fund name	**Fund value at 31/03/14 (£000)**	**% of Total assets**	**Number of members**
Moderate Growth Fund	**41,007**	83.73%	6,155
Cash Fund	**4,005**	8.18%	902
Aggressive Growth Fund	**2,478**	5.06%	160
Income/Bond Fund	**419**	0.86%	48
Global Equity Fund	**395**	0.81%	55
Emerging Markets Fund	**366**	0.75%	60
Cautious Growth Fund	**303**	0.62%	34

The Moderate Growth fund is the most popular fund option with 84% of all Investing plan member assets being invested here. The next most popular option is the Cash fund where 8% of the member assets are invested. The reason for the popularity of these funds is that they are both offered as part of the default strategy.

You can find further details of the Investing plan funds in the fund fact sheets, available to download from Fidelity's PlanViewer system, or from the Fund website (www.uukpf.co.uk).

Investment performance

The investment returns of the various managed funds for the year ended 31 March 2014 are as follows (these figures are net of fees):

	Actual return %	Benchmark return %	Difference to benchmark %
Cash Fund	0.2	0.4	(0.2)
Income/Bond Fund	(2.2)	(2.0)	(0.2)
Cautious Growth Fund	4.5	4.5	0.0
Moderate Growth Fund	7.6	7.5	0.1
Aggressive Growth Fund	9.4	9.8	(0.4)
Global Equity Fund	13.0	7.9	5.1
Emerging Markets Fund	(11.4)	(10.6)	(0.8)

Over the 12 month period to 31 March 2014, the absolute performance of the Moderate Growth fund was helped by a rally in most growth assets, particularly equities, as most investors searched for higher returning assets compared to government bonds and cash, both of which in recent years have delivered low income and cash interest returns respectively.

It is important to note that the majority of the underlying components of the Income, Cautious Growth, Aggressive Growth and Moderate Growth funds are passively managed. Each of these components, over the year delivered a return broadly in line with their respective benchmarks thereby performing in line with expectations. The key difference between the actual fund return and benchmark return is mainly to do with cost. The fund return is net of investment management fees whilst the benchmark return does not allow for these costs, and hence the reason for the small differences between the fund and the benchmark returns.

The Cash, Global Equity and Emerging Market funds are actively managed. The key reason for the difference between the Cash fund return and its benchmark results from no allowance being made for costs in the benchmark. The Global Equity fund outperformed in the 12 month period to 31 March 2014 due to good active stock selection from all of the fund's three investment managers.

The Emerging Market fund which is 50% actively managed, outperformed the benchmark at the total fund level. However, allowing for investment fees, the fund underperformed its benchmark as good stock selection was not enough to offset these expenses. At the absolute level the negative performance of this asset class was to do primarily with the fears of a slowdown in China.

The Trustees are responsible for the selection of the funds available to members, and the DCC reviews the range and types of investment options yearly, taking investment advice where appropriate, and recommending any changes to the Trustee Board.

The DCC also reviews the performance of the funds quarterly.

3) Economic and market background

The year to 31 March 2014 was a stronger year for growth assets than many had anticipated, with solid positive returns from developed equity markets led by the US and UK. As the recovery of all major developed economies began to broaden and the Eurozone emerged from recession, investor sentiment gradually improved over the year albeit was not a smooth ride. The speech by Mr Bernanke (while Chairman of the US Federal Reserve) on the potential tapering of the US Quantitative Easing programme in May 2013 and the US Government shutdown in October 2013 heightened investor's fear on the credibility of central bank and government policies, and introduced volatility into the markets.

Positive economic data coming from the developed economies, such as the US and UK, shifted up a gear towards the end of 2013 and it appeared that global production growth gained further momentum. The global consensus on real GDP forecast for 2014 remains at 3.0%, according to Consensus Economics (March 2014).

While global economic activity accelerated notably in many of the developed economies, this had not been the case in many parts of the emerging economies. Emerging markets were laggards in 2013, and remained differentiated both in terms of economic growth prospects and the political environment. The political unrest and instability in some of the emerging economies undermined the performance of their equity markets. Interest rates in emerging markets remained higher in those countries at risk of higher inflation due to currency weakness in 2013 and early 2014.

Equity Markets

In light of the improved economic outlook, developed markets, at the global level, as measured by the FTSE World Index, returned 7.6%. Conversely, emerging markets declined by 10.8% according to the FTSE AW Emerging Markets Index.

At a regional level, European markets performed strongly and returned 17.3% over the 12 months to 31 March 2014, as indicated by the FTSE World Europe ex UK Index. At a country level, UK stocks as indicated by the FTSE All Share Index grew 8.8%. The FTSE USA Index rose 11.3%, while the FTSE Japan Index declined 1.6%.

Equity market Total Return figures are in Sterling terms over the 12 month period to 31 March 2014.

Bonds

Returns on UK Government Bonds, as measured by the FTSE Gilts All Stocks Index, fell 2.6%, while long dated issues as measured by the corresponding Over 15 Year Index decreased by 3.1%. The yield on the FTSE Gilts All Stocks Index rose by 0.5% over the year, from 2.5% to 3.0%.

The FTSE All Stocks Index-Linked Gilts Index returned -3.8% with the corresponding Over 15 Year Index also producing a return of -3.4%.

Corporate bonds as measured by the Bank of America Merrill Lynch Sterling Non-Gilts Index returned 1.6%.

Total Return figures are in Sterling terms over the 12 month period to 31 March 2014.

Property

Over the 12 month period to 31 March 2014, the IPD UK Monthly All Property Index returned 14.0% in Sterling terms. The three principal sectors of this index each recorded positive returns over the period (retail: 9.6%; office: 18.9%; and industrial: 18.2%)

Commodities

The price of Brent Crude fell by 2.1% from $109.57 to $107.31 per barrel over the one year period to 31 March 2014. Over the same period, the price of Gold depreciated in value, falling by 19.2% from $1595.80 per troy ounce to $1289.28.

The S&P GSCI Commodity Spot Index depreciated 7.9% over the year to 31 March 2014, in Sterling terms.

Hedge Funds

The HFRI Fund of Funds Composite Index decreased 3.7%. In terms of the major underlying indices, both the Macro and Relative Value indices had negative returns of 10.9% and 3.1%, respectively. Positive returns were exhibited for the Equity Hedge and Event Driven indices of 0.5% and 0.6%, respectively.

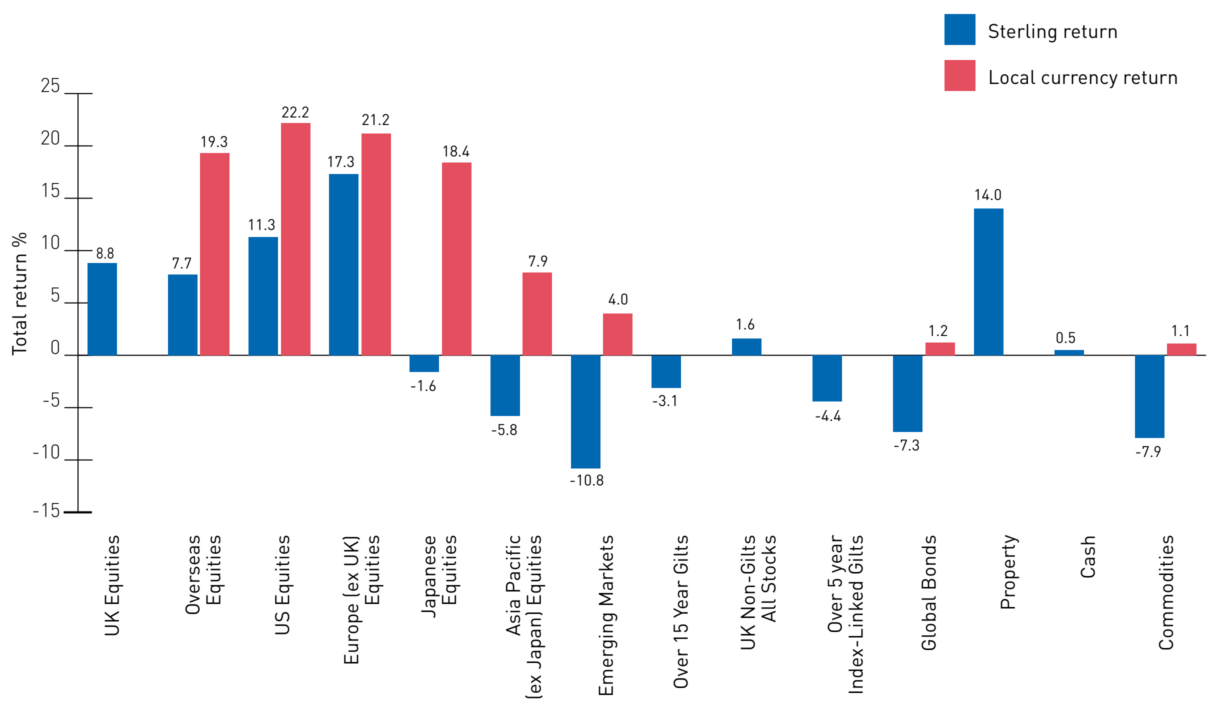
Hedge fund returns are in Sterling terms over the 12 month period to 31 March 2014.

Currencies

On the back of the strong UK economic data, Sterling appreciated against most major currencies over the 12 month period to 31 March 2014. Sterling rose 2.3% against the Euro from €1.18 to €1.21, and 9.8% against the US Dollar from \$1.518 to \$1.667. Sterling had a more pronounced rise of 20.3% against the Yen from ¥142.76 to ¥171.69 over the same period.

The chart below shows the 12 month market index returns to 31 March 2014, illustrating the performance of the market as a whole, in Sterling and in local currency terms.

Twelve Month Performance to 31 March 2014



SCHEME ACTUARY'S REPORT

My most recent formal valuation of the UUKPF was as at 31 March 2013, and included a review of the Fund's commutation factors. The principles for the valuation were agreed between the Trustees and Unilever PLC and documented in a Statement of Funding Principles dated 17 March 2014, and I issued my report on the valuation on 17 March 2014.

On the basis of the assumptions set out in the Statement of Funding Principles, there was a shortfall of assets relative to liabilities of £1,190 million as at 31 March 2013. The shortfall of £1,190 million corresponded to a funding level of 85%. This compared to a shortfall of £680 million and funding level of 89% at the previous valuation as at 31 March 2010. The worsening in the funding position over this period is largely explained by changes to financial conditions between the two valuations, particularly a significant reduction in gilt yields and an increase in future expected implied inflation. This was partially offset by investment returns and Company contributions.

The required joint contributions, payable by the members and the Company to cover the cost of benefits accruing in future, amounted to 23.9% of Covered CARE Earnings (which are pensionable earnings between the two Career average plan levels). Most contributing members have entered into a "salary sacrifice" arrangement as an alternative to paying contributions.

As part of the valuation I am required to estimate the position of the UUKPF if it had been discontinued on the valuation date, based on an estimate of the terms that would have been offered by insurance companies to take on the liability. On this basis, the UUKPF was 61% funded at 31 March 2013. This compares to a corresponding funding level of 72% at the previous valuation as at 31 March 2010. This is largely due to the cost of securing pensions, which has increased significantly since the previous valuation, as a result of both lower gilt yields and reduction in competition in the insurance market. These factors were partially offset by investment returns and Company contributions.

In addition to the contributions required to cover the cost of benefits accruing in future, the Company has agreed to pay additional annual contributions of £90.6 million each year until 31 March 2021. Allowing for these deficit contributions and for future investment returns, the shortfall is expected to be eliminated by 31 March 2021.

The next formal valuation is due as at 31 March 2016. In advance of the next valuation, and in addition to an actuarial report as at each intermediate anniversary of the valuation date, an update will be carried out as at each 31 December, up to and including the 31 December of the year of the next valuation. Under this update approach, the Company and Trustees have agreed that changes to the level of contributions can arise. In certain adverse circumstances, additional contributions can become payable, whereas in certain favourable scenarios contributions can be reduced. The update as at 31 December 2013 did not result in any adjustment to the level of Company contributions.

As at 31 March 2014, I produced my actuarial report which provided an approximate update of the funding position. This showed that the funding position had improved significantly since the 2013 valuation date. The funding level was assessed using assumptions consistent with those used for the 2013 valuation as set out in the Statement of Funding Principles. Compared with 85% at the 2013 valuation date, it was estimated to be 95% at 31 March 2014.

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

R J Whitelam
Scheme Actuary
Aon Hewitt Limited

8 October 2014

Finance

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

We have audited the financial statements of the Unilever UK Pension Fund for the year ended 31 March 2014 which comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities on page 20, the Fund's Trustee is responsible for the preparation of financial statements which show a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the rest of the annual report, which comprises the Trustee's Report, the Investment Report, and the Actuarial Statement and Certificates to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2014, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

8 October 2014

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Note	Year ended 31 March 2014 £ million	Year ended 31 March 2013 £ million
Contributions and benefits			
Contributions receivable	3	**147.9**	168.0
Transfers in	4	**72.0**	0.6
		219.9	168.6
Benefits payable	5	**(303.5)**	(298.1)
Payments to and on account of leavers	6	**(7.9)**	(10.8)
Administration expenses		**(9.6)**	(7.2)
		(321.0)	**(316.1)**
Net withdrawals from dealings with members		**(101.1)**	**(147.5)**
Returns on investments			
Investment income	7	**145.8**	131.4
Change in market value of:			
Defined benefit section investments	9	**345.1**	745.1
Defined contribution section investments	10	**2.3**	2.7
Investment expenses	8	**(15.5)**	(14.5)
Net returns on investments		**477.7**	864.7
Net increase in the Fund during the year		**376.6**	717.2
Net assets of the Fund at beginning of the year		**6,558.4**	5,841.2
Net assets of the Fund at end of the year		**6,935.0**	6,558.4

The notes on pages 38 to 49 form part of these accounts.

NET ASSETS STATEMENT AS AT 31 MARCH 2014

	Note	31 March 2014 £ million	31 March 2013 £ million
Defined benefit section			
Investments assets		**7,436.7**	6,662.2
Investment liabilities		**(531.5)**	(111.2)
Net investment assets	9	**6,905.2**	6,551.0
Current assets	11	**1.5**	3.2
Current liabilities	12	**(20.7)**	(24.9)
		6,886.0	6,529.3
Defined contribution section			
Investments assets	10	**49.0**	29.1
Net assets of the Fund at end of year		**6,935.0**	6,558.4

These accounts summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the Actuary's Report on page 34 and the actuarial certificates on page 53 and these accounts should be read in conjunction with them.

For Unilever UK Pension Fund Trustees Limited

A ASHFORD
Chairman

A ROWELL
Secretary

8 October 2014

The notes on pages 38 to 49 form part of these accounts.

Notes to the Accounts

1) Basis of Preparation

The accounts have been prepared in accordance with the:

- Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996; and
- the Statement of Recommended Practice for Financial Reports of Pension Schemes (revised May 2007) (the "SORP").

2) Accounting policies

The following are the key accounting policies that have been applied in the preparation of the accounts. The policies are the same as the previous year except where indicated.

a) Investments

Investments are included in the Net Assets Statement at their fair value as set out below.

Quoted equities, index-linked and fixed interest securities are valued on the basis of the bid price or last traded price on the relevant stock exchange, depending on the convention of the stock exchange where they are quoted, at the end of the year.

Accrued interest is included in investment income receivable within "other investment assets", not in the market value of fixed interest and index-linked securities.

Private equity investments are valued by the investment manager, Pantheon Ventures. The valuation is based on the latest investor reports and accounts provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports. Pantheon considers the reasonableness of these valuations in the light of other available knowledge and corroborative evidence. Quoted investments within the private equity portfolio are valued at bid price on the relevant stock exchange. A discount may be applied where trading restrictions apply to such securities. Other unquoted securities including investments in hedge funds are included at the Trustees' estimate of fair value based on the valuations provided by the fund managers.

Pooled investment vehicles are valued at the closing bid price, if both bid and offer prices are published, or, if single priced, at the single closing price.

Properties are valued quarterly by Colliers (an independent firm of chartered surveyors) on an open market basis as defined by the Royal Institute of Chartered Surveyors. There is no provision for property depreciation or amortisation as this is already factored into the valuation.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Derivative contracts' changes in fair value are included in the change in market value. The fair value, being the unrealised profit or loss on the contracts, is shown as a separate line within the investment assets and liabilities note.

Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Outstanding amounts relating to the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker are included in "Amounts due to or from brokers" within 'cash and other investment assets/liabilities'.

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

Forward foreign exchange contracts are valued at fair value on the basis of an equal and opposite contract being purchased at the year-end date.

The fair value of the swap contracts are calculated using discounted cash flow pricing models based on the current value of future expected net cash flows arising over the remaining contract period, taking into account the time value of money. Interest builds up monthly in line with the terms of the contract. The amounts included in the change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts. Net receipts and payments on swap contracts are reported net within investment income.

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

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

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

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

Securities sold subject to repurchase agreements are included in the financial statements within their respective investment classes at the period end fair value of the securities to be repurchased. The liability to the counterparty is included in other investment balances.

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

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

c) Investment income
Dividends and interest from investments are accounted for on an ex-dividend accruals basis. Interest on deposits, fixed interest and index-linked investments, net property rents and other investment income are accounted for on an accruals basis.

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

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

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

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

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

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

f) Transfer values to and from other schemes
Transfer values represent capital sums received or paid. Transfer values are accounted for when the liability is accepted by the receiving scheme or discharged.

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

3. Contributions receivable

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 £ million
Employers:		
Normal – Defined Benefit	**42.6**	43.0
Normal – Defined Contribution	**16.7**	14.4
Deficit contributions	**84.3**	104.6
Additional contributions – PPF Levy	**2.0**	1.9
Augmentations	**1.1**	3.2
	146.7	167.1
Members:		
Additional voluntary contributions	**1.2**	0.9
Total contributions	**147.9**	168.0

Deficit contributions consist of:

- a regular contribution of £80.6 million (£90.6 million required under the schedule of contributions less an agreed amount of £10 million received as part of the transfer in during 2013 of the assets and liabilities of the Unilever UK Supplementary Pension Fund);
- £3.7 million being the balance of the Annual Update and Reassessment (AUR) contribution due for the year ended 31 December 2012;
- No separate AUR was due for the year ended 31 December 2013 as this was included in the deficit contributions for the year.

Employer deficit contributions of no less than £90.6 million per annum are due to be received until 31 March 2021.

Further information is in the Summary of Contributions on page 55.

4. Transfers in

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 £ million
Bulk transfers in from other schemes	**71.2**	-
Individual transfers in from other schemes	**0.8**	0.6
Total	**72.0**	0.6

The figure for Bulk transfers represents the assets transferred in from the Unilever UK Supplementary Pension Fund.

5. Benefits payable

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 £ million
Pensions	**(284.3)**	(278.2)
Purchase of annuities	**(0.1)**	(0.2)
Lump sum retirement benefits	**(16.5)**	(16.8)
Lump sum death benefits	**(2.6)**	(2.9)
	(303.5)	(298.1)

6. Payments to and on account of leavers

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 £ million
Individual transfers to other schemes	**(7.9)**	(10.8)
	(7.9)	(10.8)

7. Investment income

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 £ million
Income from fixed interest securities	**16.7**	17.1
Income from Index-Linked Bonds	**1.0**	2.1
Gross dividends from equity shares	**44.3**	50.9
Income from private equity investments	**2.1**	1.0
Income from pooled investments	**59.3**	50.2
Interest on short term deposits	**0.5**	0.4
Property rents less expenses	**20.5**	18.7
Other income	**2.9**	(7.0)
	147.3	133.4
Irrecoverable withholding tax on dividends	**(1.5)**	(2.0)
	145.8	131.4

Other income in the current year includes the net of swap receipts and payments.

8. Investment Expenses

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 £ million
Investment Management & Custody	**(13.5)**	(13.3)
Investment Consultancy	**(2.0)**	(1.2)
	(15.5)	(14.5)

The above costs reflect the fees incurred on direct investments. The fees incurred in respect of pooled investment vehicles are reflected in the prices of such funds. For the year, the estimated impact if such fees were incurred directly would have been an increase in expenses and an increase in change in market value of £24.3 million (2013: £21.4 million).

9. Investment assets and liabilities

Defined benefit section

Net investment assets	Market value at 1 April 13 £ million	Purchases at cost and Derivative Payments £ million	Proceeds of sales and Derivative Receipts £ million	Change in market value £ million	Market value at 31 March 14 £ million
Fixed interest securities	316.1	119.1	(60.7)	(7.9)	**366.6**
Index-linked securities	275.6	1,522.5	(861.9)	(10.6)	**925.6**
Quoted equities	1,866.5	1,137.2	(1,184.5)	90.7	**1,909.9**
Private equity funds	487.8	44.3	(75.4)	14.3	**471.0**
Hedge funds	420.0	11.7	0.0	(15.8)	**415.9**
Pooled investment vehicles	2,608.7	502.6	(591.3)	7.2	**2,527.2**
Derivative contracts	67.0	277.1	(558.5)	240.7	**26.3**
Property	353.4	54.9	(17.9)	27.6	**418.0**
AVC investments	20.0	0.3	(1.3)	1.2	**20.2**
	6,415.1	3,669.7	(3,351.5)	347.4	**7,080.7**
Cash and other investment assets	226.7			(2.3)	**311.7**
Cash and other investment liabilities	(90.8)				**(487.2)**
	6,551.0			345.1	**6,905.2**

Direct transaction costs incurred in the year including brokerage charges, stamp duty on property purchases and other costs amounted to £3.7 million (2013: £3.1 million). In addition to these costs, indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles, the amount of which is not made available to the Trustees.

Fixed interest securities	31 March 2014 £ million	31 March 2013 £ million
UK public sector quoted	**6.9**	1.9
UK other quoted	**179.2**	170.1
Overseas other quoted	**180.5**	144.1
	366.6	316.1
Index-linked securities		
UK public sector quoted	**924.3**	274.2
Overseas quoted	**1.3**	1.4
	925.6	275.6
Quoted equities		
UK	**253.5**	213.7
Overseas	**1,656.4**	1,652.8
	1,909.9	1,866.5
Private equity funds		
Managed UK	**0.3**	0.3
Managed overseas	**470.7**	487.5
	471.0	487.8
Pooled investment vehicles		
Managed funds non-property – managed overseas	**2,328.4**	2,423.6
Unit trust – property – managed UK	**198.8**	185.1
	2,527.2	2,608.7

Overseas managed funds are located in Luxembourg and Guernsey.

Derivatives contracts	31 March 2014 Assets £million	31 March 2014 Liabilities £ million	31 March 2013 Assets £ million	31 March 2013 Liabilities £ million
Futures contracts	**0.2**	**-**	-	-
Swaps	**63.0**	**(38.4)**	83.7	(13.3)
Forward foreign currency contracts	**7.4**	**(5.9)**	3.7	(7.1)
	70.6	**(44.3)**	87.4	(20.4)
Net derivatives	**26.3**		67.0	

The objectives and reasons for holding derivatives are shown in the investment report on page 28.

All derivatives held at 31 March 2014 are "over-the-counter".

Futures contracts	Expires	Nominal value £ million	31 March 2014 Assets £ million	31 March 2014 Liabilities £ million
Fixed interest – UK	3 months	7.7	**0.1**	**-**
Fixed interest - Overseas	3 months	(4.7)	**-**	**-**
Equity Index - Overseas	3 months	183.4	**0.1**	**-**
			0.2	

The Fund has entered into a series of interest rate, inflation and total return swaps.

Swap contracts in place at 31 March 2014 can be broken down as follows:

Swaps	31 March 2014 Assets £ million	31 March 2014 Liabilities £ million
Interest rate swaps	54.5	(0.7)
Inflation rate swaps	2.3	-
Total return swaps	6.2	(37.7)
	63.0	**(38.4)**

	Notional Principal	31 March 2014 Market value (Asset) £million	31 March 2014 Market Value (Liability) £million	No. of Contracts £million
Expiration				
0 – 10 years	1,641.5	34.6	(37.7)	16
11 – 20 years	507.2	26.0	-	12
21 – 30 years	30.9	0.5	-	4
31 – 40 years	63.7	1.3	-	10
41 – 50 years	67.7	0.6	(0.7)	10
	2,311.0	**63.0**	**(38.4)**	**52**
Types of Swap				
Inflation	131.8	2.3	-	21
Interest rate	1,259.6	54.5	(0.7)	22
Total return	919.6	6.2	(37.7)	9
	2,311.0	**63.0**	**(38.4)**	**52**

In respect of derivatives at the year end, the Fund held collateral in the form of government bonds totalling £35.2 million and pledged collateral totalling £17.5 million (2013: held £61.4 million and pledged £nil).

Forward foreign currency contracts

Settlement Date	Currency Bought	Currency Bought million	Currency Sold	Currency Bought million	31 March 2014 Assets £million	31 March 2014 Liabilities £million
1 to 3 months	GBP	62.2	AUD	115.5	-	(1.8)
1 to 3 months	GBP	54.7	CAD	101.1	-	(0.2)
1 to 3 months	GBP	81.0	CHF	117.5	1.1	-
1 to 3 months	GBP	417.3	EUR	500.4	3.5	(0.1)
1 to 3 months	GBP	173.2	JPY	29,656.2	0.4	(0.1)
1 to 3 months	GBP	1,710.0	USD	2,853.2	0.2	(2.1)
1 to 3 months	USD	89.1	JPY	9,065.9	2.1	(1.4)
Up to 1 month	USD	107.7	GBP	64.7	-	(0.1)
Up to 1 month	Various	620.6	Various	291.0	0.1	(0.1)
					7.4	**(5.9)**

Property

Property is valued in accordance with the accounting policy. An independent valuation took place as at 31 March 2014. All property leases are subject to rent review within five years. All direct property investments are in the UK.

AVC investments

The Fund continues to provide the facility for members who were paying Additional Voluntary Contributions (AVCs) prior to 1 January 2008 to purchase additional benefits on a money purchase basis. The money purchase AVCs are separately invested for the benefit of individual members who can choose from a range of investment options. Members are advised individually about the value of their money purchase investments by the AVC provider. Other members are able to purchase additional money purchase benefits via the Investing plan.

The aggregate amounts of AVC investments are as follows:

	31 March 2014 £ million	31 March 2013 £ million
Santander	**0.5**	0.5
Equitable Life	**3.7**	3.6
Prudential	**0.7**	0.8
Standard Life	**4.2**	4.0
Zurich Assurance	**11.1**	11.1
	20.2	20.0

Cash and other investment assets	31 March 2014 £ million	31 March 2013 £ million
Cash deposits	**282.1**	164.9
Cash margin	**1.5**	0.2
Amounts due from brokers	**9.5**	45.2
Accrued income	**18.6**	16.4
	311.7	226.7

Cash deposits consist of £148.4 million (2013: £81.6 million) of cash with investment managers, £63.0 million (2013: £76.0 million) of cash held in same-day access pooled cash funds, and £70.7 million (2013: £7.3 million) of cash in overnight deposits.

Cash and other investment liabilities	31 March 2014 £ million	31 March 2013 £ million
Bank overdraft	**(0.1)**	(0.3)
Cash Collateral	**(2.3)**	-
Cash margin	**-**	(0.2)
Amounts due to brokers	**(63.3)**	(85.8)
Gilt repo liability	**(416.8)**	-
Deferred income	**(4.7)**	(4.5)
	(487.2)	(90.8)

Stocklending

The Fund participates in a stock lending programme managed by the Custodian, The Northern Trust Company. The value of securities on loan (all equities) at 31 March 2014 was £179.2 million (31 March 2013: £162.8 million) in exchange for which the Custodian held collateral worth £191.6 million (31 March 2013:£174.7 million). The collateral consists of eligible securities and forms part of Northern Trust's UK Core Collateral pool.

10. Investment assets

Defined contribution section

Further information on the defined contribution section is contained in the investment report on page 30. Most investments held in the Investing plan are specifically designated to individual members.

Pooled investment vehicles

UK managed funds	Year ended 31 March 2014 £ million	Year ended 31 March 2013 million
Balance at beginning of year	**29.1**	11.6
Purchases at cost	**18.8**	15.8
Proceeds from sales	**(1.2)**	(1.0)
Change in market value	**2.3**	2.7
Balance at end of year	**49.0**	29.1

Defined contribution assets include £143,000 (2013: £105,000) of assets not designated to members.

11. Current assets

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 million
Contributions receivable	**-**	0.7
Sundry debtors	**1.5**	2.5
	1.5	3.2

Contributions receivable at 31 March 2013 relate to augmentations for EU benefits and termination benefits and were all paid when due in accordance with the Schedule of Contributions.

12. Current liabilities

	Year ended 31 March 2014 £ million	Year ended 31 March 2013 million
Deferred income	**(2.3)**	(10.1)
Sundry creditors	**(18.4)**	(14.8)
	(20.7)	(24.9)

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

13. Commitments

At the end of the year the Fund had capital commitments relating to private equity investments of £205.4 million (31 March 2013: £263.5 million), indirect property investments of £1.1 million (31 March 2013: £1.1 million) and mezzanine debt of £82.2 million (31 March 2013: £131.7 million).

14. Related party transactions

In 2008 the Fund appointed an independent Chairman. In 2013/14 the Chairman was paid £70,000 and each Trustee no longer employed by a participating Employer received an honorarium of £7,000. Total fees paid in the year ended 31 March 2014 were £121,000 (2013: £121,000). Certain Trustees receive a normal retirement pension from the Fund.

Within administration costs, £1.7 million was paid to Unilever UK Central Resources Limited in respect of the services provided by Unilever UK Pensions (2013: £1.7 million), and £0.7 million (2013: £0.3 million), in respect of services provided by the Univest Company.

There was an amount of £1.5 million (2013: £1.4 million) due from the Company at 31 March 2014 in respect of the funding of additional pension benefits for certain members who have been made redundant.

The Fund received £42,600 in rent (2013: £55,000) from Unilever UK Holdings Ltd, who are a tenant at one of the Fund's property investments. This tenancy is on a commercial arms-length basis on standard terms and is managed by the Fund's property manager.

There are no direct fees paid by the Fund for the Univest Pooled Funds, but costs are incurred by these funds and are reflected in the unit pricing. As explained in the Investment Report on page 26, the Univest pooled vehicle consists of a range of sub-funds, each with separately appointed investment managers appointed by the Univest Investment Committee. Information on the Funds invested in Univest pools is in Note 9 on pages 42 to 47.

Information on Employer Related Investments is shown in the investment report on page 28.

Schedule of Contributions

1. Introduction
This schedule of contributions has been prepared by Unilever UK Pension Fund Trustees Limited (the "Trustees") to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the advice of Richard Whitelam, the Scheme Actuary, and after obtaining the agreement of Unilever PLC, the Principal Company. It comes into effect on the date it is certified by the Scheme Actuary and covers the period from the date it is certified to 31 March 2021.

This schedule replaces the previous schedule applicable to the UUKPF, and accordingly any amounts that would have fallen due for payment under that schedule after the date on which this schedule comes into effect shall be payable only if and to the extent that this schedule so provides.

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

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

3. Employer Contributions – future accrual of benefits
Each *Employer* will contribute in respect of its employees to the UUKPF at the rate of:

All active members

a. With effect from 1 January 2014, 23.9% of *Covered CARE Earnings*;

   less any Employee Contributions as set out in paragraph 7*;

   plus 12.5% or such other percentage as is provided for under Part E Rule C1, of *Covered DC Earnings*;

   plus such amount as required under Part E Rule C6 (Employer Matched Contributions).

   *Note: for the avoidance of doubt employer contributions, other than Employer Matched Contributions, continue to be payable even if an employee is no longer required to make contributions or to participate in the *Unilever Contribution Arrangement* as they have completed 40 or 45 years Pensionable Service (whichever applies to the member).

b. Contributions required in accordance with Part D, Rule H1(a)(iii) for Contributors who are in Pensionable UCA service*;

   *Note: for the avoidance of doubt members who have completed 40 or 45 years of *Pensionable Service (whichever applies to the member)* can continue to have additional life cover as per Part D, Rule (a) (iii).

c. An additional 1.5% of *Covered CARE Earnings for LPI5 CARE Buyback Contributors* who are in *Pensionable UCA 5% LPI CARE Buyback service*;

d. Contributions payable in respect of members who are in *Pensionable UCA Service* who would otherwise be paying Additional Voluntary Contributions under Part E Rule C2 or Member Matched Contributions under Part E Rule C5; and

e. Whatever contributions as the Principal Company so decides in respect of Part E Rule C1(b)(ii)(A).

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

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

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

f. Each *Employer* will contribute in respect of a member of the DC Auto-Enrolment Only section of the UUKPF at the rate of:

   a. 1% of Qualifying Earnings during the period from 1 July 2013 to 30 September 2017

   b. 2% of Qualifying Earnings during the period from 1 October 2017 to 30 September 2018

   c. 3% of Qualifying Earnings during the period on or after 1 October 2018

or such other percentage as is provided for under Clause 10(C) of the Interim Deed of Amendment dated 27 June 2013.

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

4. Employer Contributions – shortfall in funding

In respect of the shortfall in funding in accordance with the recovery plan dated 17 March 2014 following the actuarial valuation as at 31 March 2013, the *Principal Company* will additionally contribute (or procure to be contributed) to the UUKPF amounts such that at each anniversary of the valuation date, the cumulative amount of these contributions is no less than it would have been had contributions been paid at the rate of £90.6 million per annum from the valuation date,
less any existing pre-payment that the Principal Company directs shall not be used for its originally intended purpose, and should therefore be included in the assets available to meet the statutory funding objective. For the avoidance of doubt, such a reallocation at the Principal Company's direction shall be considered a payment of additional employer contributions for the purpose of this paragraph, and any subsequent transfer of unfunded benefits into the UUKPF, in excess of any remaining pre-payment, must be funded by contributions in accordance with the relevant paragraphs of this Schedule of Contributions.

The shortfall contribution of £90.6 million due by 31 March 2014 is inclusive of £10 million additional funding which is treated for the purposes of this schedule as received on 31 May 2013. With effect from that date the assets and liabilities of the Unilever UK Supplementary Fund were transferred into the UUKPF, and the Scheme Actuary has advised that the amount transferred exceeded the value of the liabilities assumed by the UUKPF by £10 million. The Trustees had agreed prior to the bulk transfer to offset any surplus assets transferred in against the first year shortfall contributions due under this schedule. For the avoidance of doubt, the shortfall contribution of £90.6 million due by 31 March 2014 is also inclusive of the AUR contribution payable on the AUR assessment as at 31 December 2013.

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

Following the UUKPF's actuarial valuation as at 31 March 2013, and in advance of the next formal valuation, the Trustees will obtain an actuarial report on developments affecting the funding level as at each intermediate anniversary of the valuation date conforming with Part 3 of the Pensions Act 2004.

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

Under this AUR approach:

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

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

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

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

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

7. Employee Contributions

Employees who are active members of the UUKPF, except those to whom Part D Rule C1(a)(iv) applies (i.e. members who participate in the *Unilever Contribution Arrangement*) , members of the DC Auto-Enrolment Only section and members seconded overseas, will contribute to the UUKPF at the rate of:

a. 5% of *Covered CARE Earnings for Contributors*, or such higher rate as the Principal Company shall inform the Trustee under Part D Rule C1(a);

b. An additional 1.5% of *Covered CARE Earnings for LPI5 CARE Buyback Contributors* who are not in *Pensionable UCA 5% LPI CARE Buyback service*;

c. Contributions required in accordance with Part D, Rule H1(a)(iii) *for Contributors who are not in Pensionable UCA service*.

Employee contributions for members to whom Part D Rule C1(a)(iv) applies (i.e. members who participate in the *Unilever Contribution Arrangement*) or who have completed 40 years or 45 years *Pensionable Service* (which ever applies to the member in question)), and members seconded overseas will be nil, and except for members who have completed 40 years or 45 years Pensionable Service (which ever applies to the member in question) who will still be required to contribute for additional life assurance cover as per Part D, Rule H1 (a)(iii).

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

These amounts do not include members' *Additional Voluntary Contributions* and *Member Matched Contributions*.

Employees who are active members of the DC Auto-Enrolment Only section will contribute the difference between the Employer contributions in section 3f above and the minimum percentage contributions of:

a. 2% of Qualifying Earnings during the period 1 July 2013 to 30 September 2017

b. 5% of Qualifying Earnings during the period from 1 October 2017 to 30 September 2018

c. 8% of Qualifying Earnings during the period on or after 1 October 2018

or such other percentage as is provided for under Clause 10(D) of the Interim Deed of Amendment dated 27 June 2013.

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

Signed on behalf of the Employers

S Padhiar
Attorney, Unilever PLC

17 March 2014

Note: Unilever PLC is acting as the representative of all participating employers in this matter.

Signed on behalf of Unilever UK Pension Fund Trustees Limited

A Rowell
Secretary

17 March 2014

Date of schedule: 17 March 2014

ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

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

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2013 to be met by the end of the period specified in the recovery plan dated 17 March 2014.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 17 March 2014.

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

Name: **Richard Whitelam**

Date: **17 March 2014**

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

Address: **10 Devonshire Square**
London EC2M 4YP

Name of Employer: **Aon Hewitt Limited**

ACTUARIAL CERTIFICATE GIVEN FOR THE PURPOSES OF REGULATION 7(4)(A) OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME FUNDING) REGULATIONS 2005

Name of Fund: **Unilever UK Pension Fund**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Fund's technical provisions as at 31 March 2013 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Fund and set out in the Statement of Funding Principles dated 17 March 2014.

Name: **Richard Whitelam**

Address: **10 Devonshire Square**
London EC2M 4YP

Date: **17 March 2014**

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

Name of Employer: **Aon Hewitt Limited**

Independent Auditor's Statement About Contributions to the Trustee of the Unilever UK Pension Fund

We have examined the Summary of Contributions to the Unilever UK Pension Fund in respect of the Fund year ended 31 March 2014 which is set out on page 55.

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

Respective responsibilities of the Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities on page 20, the Fund's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee is also responsible for keeping records in respect of contributions received in respect of the active members of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions.

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

Scope of work on the Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes 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.

Statement about contributions payable under the Schedules of Contributions

In our opinion, contributions for the Fund year ended 31 March 2014 as reported in the Summary of Contributions and payable under the Schedule of Contributions have, in all material respects, been paid at least in accordance with:

- the Schedule of Contributions certified by the Scheme Actuary on 30 June 2012 for the period 1 April 2013 to 16 March 2014; and
- the Schedule of Contributions certified by the Scheme Actuary on 17 March 2014 for the period 17 March 2014 to 31 March 2014.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

8 October 2014

Summary of Contributions Payable for the Year Ended 31 March 2014

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

Required by the Schedules of Contributions	**Members £ million**	**Employer £ million**
Normal	-	59.3
Deficit contributions	-	84.3
Additional contributions – PPF Levy	-	2.0
Augmentations	-	1.1
Total	**-**	**146.7**
Other contributions payable		
Additional voluntary contributions	1.2	-
Total reported in Fund Account	1.2	146.7

The Company may at its discretion pay contributions to the Fund in advance of when they are due that are then available to be offset against future contributions that may become due under the Schedule of Contributions or to fund other benefits that are currently unfunded. The balance of such receipts remaining at 31 March 2014 was £2.3 million, due to an overpayment resulting from the use of a blended rate (2013: £10.1 million), and this is reported as deferred income.

Of the deferred income at 31 December 2012, £3.7 million was used during the year to meet the balance of the AUR due for the year ended 31 December 2012, and £6.4 million was used towards the regular deficit contribution of £90.6 million as agreed in the 2013 actuarial valuation and due by 31 March 2014. That £90.6 million contribution was also inclusive of £10 million additional funding which is treated as received on 31 May 2013 as part of the payment received on the transfer of the Unilever UK Supplementary Pension Fund. Before the assets and liabilities of the Unilever UK Supplementary Pension Fund were transferred into the Fund, the Trustees had agreed to offset any surplus assets transferred in (up to £10 million) against the first year deficit contributions due under the schedule of contributions. The Scheme Actuary has advised that the amount transferred exceeded the value of the liabilities assumed by the Fund by £10 million.

The AUR carried out during the year identified that the IAS19 funding level (which is the funding level of key relevance to the Company) was less favourable than expected. Under the Schedules of Contributions an additional contribution of £26 million becomes due by 31 December 2014. Under the new schedule of contributions, agreed as part of the 2013 valuation, the 2013 AUR payment was included in the revised annual deficit contribution due, so no further contribution was payable.

Signed on behalf of the Trustees:

A ASHFORD
Chairman

A ROWELL
Secretary

8 October 2014

Ten Year statistics table

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total membership[1]										
Active members	**7,265**	7,652	7,237	6,977	6,451	6,556	6,939	7,239	8,813	9,792
Deferred members	**32,443**	34,026	35,541	37,249	38,421	40,059	41,335	43,001	42,189	42,166
Pensioner members	**42,541**	42,895	43,380	43,632	44,055	44,080	44,271	44,418	44,917	45,216
Total	**82,249**	84,573	86,158	87,858	88,927	90,695	92,545	94,658	95,919	97,174
Net assets at Fund year end (£m)[2]	**6,935.0**	6,558.4	5,841.2	5,785.0	5,493.8	4,281.7	5,060.7	5,083.7	4,763.0	3,812.0
Funding details[3]										
Value of assets for funding purposes (£m)	**6,865**	6,510	5,813	5,740	5,410	4,040	5,040	5,060	-	3,789
Technical Provisions (£m)	**7,250**	7,700	7,344	6,320	6,090	5,840	5,870	5,420	-	4,780
Funding surplus/ (deficit) (£m)	**(385)**	(1,190)	(1,531)	(580)	(680)	(1,800)	(830)	(360)	-	(991)
Funding ratio	**95%**	85%	79%	91%	89%	69%	86%	93%	-	79%
Contributions receivable (£m)										
Employer										
- Regular[4]	**59.3**	57.4	59.6	57.9	57.2	59.3	56.2	59.0	57.0	45.0
- Additional	**3.1**	5.1	7.4	16.6	31.5	211.9	6.0	54.3	-	-
- Deficit recovery	**84.3**	104.6	110.0	10.0	64.0	110.2	277.5	170.0	170.0	62.0
Member[5]	**-**	-	0.1	0.1	0.2	0.3	0.5	0.7	3.0	13.0
AVCs[6]	**1.2**	0.9	1.6	1.1	1.7	1.8	1.9	2.0	1.0	2.0
Total	**147.9**	168.0	178.7	85.7	154.6	383.5	342.1	286.0	231.0	122.0
Investment income (£m)	**145.8**	131.4	125.7	138.7	141.1	170.8	148.5	140.0	120.0	104.0
Benefits (£m)[7]	**303.5**	298.1	(294.3)	(283.6)	(279.7)	(274.8)	(266.3)	(251.0)	(245.0)	(241.0)
DC and AVC assets (£M)[8]	**69.2**	49.1	31.0	27.6	24.3	21.1	23.3	21.7	23.3	23.1

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Investments – actual asset allocation (% at 31 March)[9]										
Bonds										
- UK Public	**0.1**	-	-	0.1	4.3	7.8	8.6	8.3	8.7	7.0
- UK Private	**2.6**	2.6	3.0	2.6	3.6	7.6	7.7	7.6	6.8	7.0
- Overseas Public	**-**	-	-	-	-	-	-	0.2	0.3	-
- Overseas Private	**10.4**	9.0	10.1	10.0	4.2	0.6	0.2	0.2	0.1	1.0
- Indexed-Linked Securities	**13.4**	9.2	7.8	7.3	3.7	0.0	0.3	-	-	-
- Emerging Market Debt	**3.6**	3.0	-	-	-	-	-	-	-	-
- Global High Yield	**3.6**	3.1	-	-	-	-	-	-	-	-
- Private debt	**0.6**	-	-	-	-	-	-	-	-	-
Equities										
- UK	**8.6**	7.8	10.8	10.7	11.9	9.1	10.7	12.4	24.9	25.0
- Overseas	**37.4**	40.2	41.7	44.0	49.3	46.5	48.7	49.4	44.2	42.0
Private equity funds	**6.8**	7.3	7.6	6.9	6.6	7.1	5.5	4.6	4.8	6.0
Hedge funds	**6.0**	6.4	6.5	6.5	6.7	7.9	5.1	4.9	-	-
UK property	**9.0**	8.3	9.2	9.4	7.3	7.5	8.4	9.2	8.5	9.0
Cash, deposits and other investments	**(2.1)**	3.1	3.3	2.5	2.4	5.9	4.8	3.2	1.7	3.0
Overall Fund performance (over 12 months to 31 March)[10]										
Total	**7.7%**	15.7%	3.6%	9.7%	32.4%	(17.2)%	(1.2)%	6%	25.7%	11.9%

Commentary on the Ten Year statistics table

The Trustees consider that a 10 year view of trends is a useful timescale for assessing the development of the Fund. The following commentary provides explanations for the key changes over the last 10 years.

1) Total membership

Over the last 10 years the membership profile of the Fund has changed reflecting the changing headcount in the Company's UK businesses. This has come about as a result of sales, outsourcings, restructurings and/or acquisitions over the years. Whilst the total number of active (employed) membership numbers have decreased over the 10 year period, the pensioner membership numbers have remained relatively stable. The number of deferred members has been falling since 2008.

From 2006, the membership figures include Unilever Protection Benefit (UPB) members (those members who stopped building up pension benefits in the Final salary plan as they reached the "Lifetime Allowance" limit for tax efficient pension saving). From 2008, the figures include membership of the Career average plan following the closure of the Final salary plan to new entrants from 1 January 2008. All remaining active Final salary plan members became members of the Career average plan from 1 July 2012.

2) Net assets at the Fund year end

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

3) Funding details

Funding information is shown for years in which there was a formal actuarial valuation (2005, 2007, 2010 and 2013) and years in which there has been an interim actuarial update (2008, 2009, 2011, 2012 and 2014). Before 2008 interim updates were not required.

The 'value of assets for funding purposes' shown will differ from the 'net assets at Fund year end' in the row above it for a number of reasons. For example, Additional Voluntary Contributions (AVC) investments are excluded from the valuation of assets for funding purposes. See the actuarial report for each year for more details. The value of assets for funding purposes also excludes defined contribution assets and contributions paid in advance by the Company.

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

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

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

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

The difference between the Fund's assets and liabilities at any given time is known as the 'funding surplus' (if the difference is positive) or the 'funding deficit' (if the difference is negative). When carrying out valuations and funding updates, the Scheme Actuary works out the value of assets the Fund needs to cover its funding target (or

Technical Provisions). Then he takes the value of the Fund's assets from the accounts and compares the assets with the Technical Provisions. This gives the funding level.

Over the 10 year period, the funding level has changed reflecting a number of circumstances, including negative investment returns over certain time periods and changes in some of the underlying valuation assumptions (for example lower expected long term interest rates, and a greater allowance for extended life expectancy). At each valuation (undertaken at least every three years, with the latest as at 31 March 2013) the Company and the Trustees agree new funding arrangements, including measures to address any funding deficit.

4) Regular employer contributions

The Company and the Trustees, on the advice of the Scheme Actuary, decide the regular employer contributions. This is the amount agreed at each actuarial valuation to provide for the future build up of pension benefits for active members.

Salary sacrifice
In 2005, the Fund introduced a 'salary sacrifice' contribution arrangement. As technically salary sacrifice contributions are employer contributions there is an apparent reduction in member contributions from 2005 onwards shown in the 10 year table. For more information on the salary sacrifice arrangements see page 16.

5) Member contributions.

Some Final salary plan members chose not to contribute to the Fund through the UCA. The figures shown between 2005 and 2012 therefore represent the normal contributions made by these members. Transfers-in from other schemes are not included in these figures.

Prior to 1 July 2012, Career average plan members had to contribute to the Fund through the UCA. From 1 July 2012, under the revised Career average plan all members are able to choose whether or not to do so.

6) AVCs

These are Additional Voluntary Contributions (AVCs) made to the Investing plan or to legacy AVC providers. From July 2012 they also include Company matched contributions.

7) Benefits

The amounts stated represent the benefits paid out to members during the year in question. These include retirement pensions, lump sums paid on retirement, and lump sum death benefits.

8) DC investments

The DC and AVC assets shown in the table consist of additional (or extra) voluntary contributions paid by members, as well as, since 1 January 2008, the Company 12.5% contribution made to the Investing plan for members earning above the Career average plan higher level and from 1 July 2012 Company matching voluntary contributions.

Before 1 January 2008, additional voluntary contributions were made by active members to a number of different providers. These providers included Zurich, Standard Life, and Equitable Life.

These legacy AVC providers were closed to new joiners at that time; however members who were already paying contributions to those providers were able to continue to do so.

Please refer to the Investment report for more details on the Investing plan.

9) Investments – actual asset allocation

The Trustees are responsible for the investment strategy adopted by the Fund (but are required to consult with the Company before determining that strategy). Periodically, the Trustees review their strategy and in particular their strategic asset allocations to different asset classes. The Trustees, having determined the midpoints of their strategic asset allocation weightings to different asset classes, then allow ranges for their asset allocation in order to avoid continual re-balancing around the midpoint. The table provides details of the actual split of the Fund's assets between the different asset classes which will be, therefore, close to the targeted midpoints of the strategic asset allocation. The asset allocation targets are regularly reviewed and, as the table demonstrates, there have been significant shifts over the period. For example:

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

The negative figure in the accounts for 'Cash, deposits and other investments' of 2.5% is largely the result of the impact of the Fund's LDI strategy.

It should also be noted that during the 2013/14 Fund year, the Trustees adopted a new purpose based approach to investment strategy with asset classes grouped into categories that are aligned with objectives. In addition, the strategy now explicitly allows for the Fund's Liability Driven Investment (LDI) mandate. Please refer to the Investment Report, information relating to DB assets for more information.

10) Overall Fund performance

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

The Trustees have spent considerable time reviewing their strategic approach to investments, as mentioned in note 9 above, with the IFC monitoring the performance of individual managers (in particular those who are employed on an 'active' basis with the target of outperforming either alternative equivalent investment managers or relevant market indices). In each Fund Annual Report significant information is provided regarding the Fund's investment arrangements in the Investment report. For this Annual Report the Investment report is on pages 21 to 33.

Membership statistics

Final salary Active Members	2013/14	2012/13
Normal contributory members at 1 April	0	4,746
Adjustments from opening position[1]	(0)	(131)
Members leaving service or opting out and preserving benefits	(0)	(126)
Members becoming Career average Active	(0)	(4,433)
Members becoming UPB Active	(0)	(27)
Retirements at or before normal retirement age	(0)	(28)
Deaths	(0)	(1)
Number at 31 March	**0**	**0**
UPB Active members Career average active members		
Active members at 1 April	0	24
Adjustments from opening position[1]	(0)	0
Normal contributory members who became UPB Active members	0	27
Normal contributory members who became UPB Preserved members	0	(50)
Retirements at or before normal retirement age	(0)	(1)
Number at 31 March	**0**	**0**
Career average active members		
Career average active members at 1 April	7,652	2,467
Less adjustments from opening position[1]	(291)	(14)
New members	862	1,084
New members returning from the EU	6	9
New members transferring from Final Salary	-	4,433
Members leaving service taking a refund of contributions	(320)	(90)
Member leaving service and preserving benefits	(538)	(183)
Retirements at or before normal retirement age	(101)	(48)
Deaths	(5)	(6)
Number at 31 March	**7,265**	**7,652**

Final salary ordinary deferred pensioners:	2013/14	2012/13
Deferred pensioners at 1 April	33,617	35,378
Less adjustments from opening position[1]	(680)	(276)
New leavers with preserved benefits	-	126
Transfers out	(58)	(48)
Retirements	(1,388)	(1,480)
Deaths	(112)	(74)
Deferred members returning to active status on leaving the EU	(6)	(9)
Number at 31 March	**31,373**	**33,617**
Final salary UPB deferred pensioners:		
UPB deferred pensioners at 1 April	61	11
(Less)/plus adjustments from opening position[1]	-	4
New leavers with preserved benefits	-	50
Retirements	(1)	(4)
Number at 31 March	**60**	**61**
Career average deferred pensioners:		
Deferred pensioners at 1 April	348	152
Plus adjustments from opening position[1]	140	17
New leavers with preserved benefits	538	183
Retirements	(12)	(1)
Transfers out	(4)	(3)
Number at 31 March	**1,010**	**348**
Pensioners:		
Pensioners at 1 April	42,895	43,380
Plus/(less) adjustments from opening position[1]	68	25
New retirements[2]	1,502	1,562
New spouses	552	534
New dependants	8	4
New children	12	7
Deaths	(1,908)	(1,946)
Termination of child pensions	(17)	(7)
Other terminations/cessations	(571)	(664)
Number at 31 March[3]	**42,541**	**42,895**

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

[2] Two Career average pensioners included.

[3] Four Career average pensioners included.

As at 31 March 2014 there were 6,860 (2013: 6,275) active or deferred members with Investing plan accounts with Fidelity. These are not additional members – they will also have defined benefit membership.

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