



UNILEVER UK PENSION FUND LIMITED

STATEMENT OF INVESTMENT PRINCIPLES (SIP)

1. Introduction

The Unilever UK Pension Fund (the “Fund”) provides defined benefit (DB) and defined contribution (DC) retirement benefits. This Statement is prepared by the Trustee of the Fund. The Trustee has consulted with Unilever PLC, which is authorised to represent the views of the employers participating in the Fund and received written professional independent investment advice on this Statement; it has been prepared in accordance with Section 35 of the Pensions Act 1995.

2. Appointment and Delegation

Investment management and, where appropriate, compliance with regulations in relation to assets held by the Trustee are delegated by the Trustee to authorised managers. The Trustee also invests directly in pooled vehicles, including unit funds, open ended investment companies and unit-linked life policies. The Fund’s annual report and accounts give more information about the managers and funds from time to time.

3. Governance Structure

The Trustee has developed an investment decision making and implementation delegation structure that allows the Trustee board to focus on the key strategic and governance decisions, with the management and operations activities delegated to internal teams, advisers, managers and custodians.

The Trustee board has constituted the Investment & Funding Committee (“IFC”) and the Defined Contribution Committee (“DCC”). These committees each consist of a subset of the Trustee board and an independent expert. The IFC and DCC support the board and have certain delegated powers and responsibilities in relation to the DB and DC sections of the Fund respectively. Their roles are set out in their terms of reference.

The Trustee board uses multiple independent professional investment advisers that are FCA authorised to provide advice under sections 35 and 36 of the Pensions Act 1995. In addition, the Trustee uses Unilever’s inhouse pensions and investment organisation, called Uninvest Company B.V. which is responsible for overseeing c. €24bn of assets of Unilever’s 75+ worldwide pension schemes in more than 40 countries.

The DB and DC sections of the Fund are considered in turn below:

DB Section

4. Investment Objectives

The overriding objective of the Trustee is to ensure that sufficient assets are available to pay members’ benefits as and when they fall due, taking account of the Employer Covenant (the Employers’ legal obligations to pay contributions and their ability to meet those obligations).

The Trustee set a target of reaching 105% funding level on a “low employer dependency” basis, at which point the funding level could be maintained with a low-risk strategy. The Trustee’s aim was to reach this objective by 2029, and the Fund reached this by the end of August 2022.

5. Investment Strategy: asset allocation

The strategic allocation of the assets between the major asset categories is viewed by the Trustee as the most important means of controlling the balance between risk and expected return on the Fund’s assets. Assets are invested taking account of the nature and duration of the Fund’s liabilities and to ensure appropriate diversification between asset categories.

The Trustee has broken down the asset allocation into three main categories, these are:



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Growth assets – Equities, Private Equity and other asset classes which are expected to deliver excess returns above Gilts. The asset class may produce an income, but a significant element of the return is expected to come from capital appreciation.

Income assets - Assets whose returns derive predominantly (or entirely) from the income they generate (fixed or inflation linked). These assets generate relatively predictable cashflow streams that can be used for liability cashflow matching, while expecting to deliver a return above Gilts.

Liability Driven Investment (LDI) assets (and collateral) – Assets that are deemed to be close to “risk-free”, which provide a hedge against the Fund’s liability related risks and/or serve as collateral to support the Fund’s synthetic exposures.

The Trustee regularly obtains professional independent investment advice in relation to the asset allocation between the three main categories, and prior to any changes in the allocation of the DB assets. The asset allocation is set with the aim of maintaining the funding level. The table below sets out the current target asset allocation for the three main categories:

Target Return (p.a.) Category	Gilts + 1.0%		
	%	Lower limit	Upper limit
Growth	10.9	6.9	14.9
Income	32.2	28.2	36.2
Matching	56.9	52.9	60.9

6. Investment Management Structure

Having set the underlying asset allocation for each of the three key categories, the Trustee uses external investment managers and pooled funds to implement its strategy. Where appropriate, the Trustee targets a diversified broad market exposure, including the use of LDI strategies, to achieve its objectives.

7. Permitted Investments and Constraints and Arrangements with Asset Managers

When choosing investments, the Trustee and the investment managers (to the extent powers are delegated to them) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4), and the principles set out in this SIP. The Trustee takes appropriate professional independent investment advice, under section 36 of the Pensions Act 1995, before it makes any decision to acquire, retain or realise any particular investments (e.g. investments in pooled funds).

Each external manager’s responsibilities are set out clearly in an Investment Management Agreement and investment guidelines which include a number of other restrictions and constraints. The contractual frameworks are, to the extent practicable, aligned with the Trustee's policies set out in this SIP and the investment parameters for each manager are set to deliver the Trustee's overall strategic asset allocation. The majority of agreements are open ended, and therefore can be terminated if required (including for underperformance; see below for how manager performance is monitored). The Trustee does enter into closed-ended agreements where this is necessary due to the nature of the asset class (e.g. when investing in funds for some illiquid assets, such as Private Equity, Mezzanine Debt, Real Estate Debt), these arrangements will be reviewed at the point the manager releases new iterations of the fund (if these are to be considered for investment), or just prior to maturity. Given the wide range of investments, details of the exact durations of the agreements have not been listed here for practical reasons.

Given the Trustee’s long-term focus, manager performance is always assessed over a sufficiently long period. The basis for remunerating managers is structured so that a manager is not disincentivised to comply with the Trustee's policies. Performance related fees are used in a small proportion of the overall assets, and only where aligned with long term outperformance.



Once the managers are appointed, the Trustee's advisers and Uninvest Company are also responsible for the ongoing monitoring of the underlying managers on behalf of the Trustee, with Uninvest using their own internal rating system. This uses a combination of annual questionnaires and quarterly qualitative reviews to assess each manager's performance in four key areas (performance, strategy, team, and ESG/Sustainability*), with performance measures aligned with relevant Trustee's policies in these areas. By including ESG/Sustainability as a separate performance measure, this incentivises managers to make decisions based on the medium to long term financial performance of the assets they manage. The rating system does not seek to incentivise managers to make investment decisions based on non-financial performance factors. The majority of engagement activities are delegated to a separate third party; however, where a manager remains responsible for engagement, then the manager's engagement activities will also be reviewed. The process includes an analysis of the underlying holdings; this provides an opportunity to review with the manager how specific investment decisions taken align with the manager's agreed mandate. Portfolio turnover costs are also assessed as part of the overall assessment of the manager's performance. The level of acceptable turnover costs will differ between managers, depending on factors such as the asset class and the manager's style and approach, and are always assessed considering the impact of the turnover on the return achieved. The Trustee therefore does not set a target level or acceptable range for portfolio turnover.

**Where Sustainability/sustainable investing is mentioned in this document, this includes the consideration of environmental, social and governance issues, including climate change.*

As part of ongoing dialogue with them, managers are aware of the criteria against which their performance will be assessed. This therefore helps to incentivise managers to act in line with the Trustee's policies and in accordance with the agreed contractual arrangements.

The IFC reviews the results of the latest manager ratings, from both Uninvest and external consultants. The IFC do, where relevant, also take into account other key factors (in addition to performance) when assessing managers (including, but not limited to organisational structure, people, operational systems, investment strategy of the underlying manager's fund, robustness of the risk management and so on).

The Trustee's investment advisers and Uninvest Company also assist the IFC with performing rolling asset class reviews, to ensure that the underlying asset classes remain fit for purpose. The IFC aim to complete a review of each asset class within each triennial valuation cycle. These provide the opportunity for the Trustee to see a more detailed assessment of the performance of each asset class (and the funds within it), and consider in more detail the context for the performance (i.e. to include the drivers of performance in the market and the style of the fund).

8. Custody

The Trustee regards the safekeeping of the Fund's assets as being of paramount importance. Accordingly, the custody of the DB assets under management has been delegated to The Northern Trust Company ("Custodian"). The Custodian's services are documented and reviewed on a regular basis.

9. Risk Management and Monitoring

The Trustee has an extensive risk management framework. On a quarterly basis the Trustee Board reviews the "Top Risks" across the whole Fund (both investment and non-investment related), which are used to frame all discussions held by the Trustee Board. The IFC are responsible for monitoring several of these "Top risks" as well as secondary investment and funding related risks.

The Trustee has agreed quantitative measures for each of these risks and has set out clear warning triggers and specified actions when triggers are breached. Among other things, this allows the Trustee to monitor progress against the long term aims, the level of risk in the Fund and the strength of the Employer Covenant.



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Below are examples of some of the risks which the IFC monitor for the DB section of the Fund:

Funding – Sets out the funding level relative to the target of 105% on a “low employer dependency basis”.

Investment Risk – Sets out the Fund’s 1 year 95% Value at Risk and 1 year Funding Level at Risk and progress towards the Fund’s carbon intensity reduction targets to minimise risks related to climate change. If the Fund’s risk profile materially changes, then this will prompt a discussion at the IFC meeting, as to whether the investment strategy should be revised, i.e. de/re-risked.

Covenant – Sets key measures for monitoring the strength of the Employer. A deterioration of the metrics used to assess the covenant would prompt a discussion at the IFC (and Trustee Board meeting) regarding the causes of the deterioration and the subsequent action that should be taken.

Interest and inflation risk – The Trustee has appointed an LDI manager to partially hedge the interest and inflation risks within the DB section of the Fund. The target level of hedging is set out in the asset allocation and is regularly reviewed. The IFC monitors that the appointed LDI manager is hedging interest rate and inflation at the respective levels set by the Trustee. If the hedging levels fall outside of the pre-agreed ranges, then this will prompt action for the LDI manager to rectify this.

Currency risk – The Trustee has appointed a currency overlay manager to hedge some of the DB Fund’s overseas currency risk. The target level of currency hedging has been set by the Trustee having considered formal advice and is regularly reviewed. The IFC monitors that the appointed manager is hedging within a pre-agreed set range for certain currencies within particular asset classes. If the hedging levels fall outside of the pre-agreed ranges, then this will prompt action for the FX overlay manager to rectify this.

10. Realisation and liquidity of assets

The Trustee has agreed that liquidity risk is a key risk to the Fund, and it is closely monitored. The Trustee maintains a balance between ensuring that there is enough cash set aside to pay pensions and other payments when they fall due versus having too much money sitting in cash and hence not achieving a sufficient return to meet its funding requirements. The Trustee has agreed a cashflow forecasting process which ensures that sufficient funds are made available when payments are due.

11. Active versus passive management

The Fund has exposure to both active and passive management within the DB section of the portfolio. When determining whether an asset class should be actively or passively managed, the IFC considers market inefficiencies alongside (but not limited to) other considerations such as expected net of fee returns, the availability of skilled active managers, the ability to identify those managers and the constraints around those managers.

12. Counterparty risk

The Trustee has delegated the monitoring of counterparty risk to Uninvest Company and to the LDI manager (for the underlying counterparties that are used for the interest rate and inflation hedging). The Trustee recognises that using collateral for derivatives is one of the key measures for limiting counterparty risk. In addition, to ensuring that there is a sufficient number of counterparties, a diverse range of counterparties (from different jurisdictions) and limitations of exposure to bank accounts.



13. Growth asset risk

The Trustee recognises that the underlying asset classes within the Growth category can exhibit more volatile behaviour than fixed income assets. Therefore, the Trustee ensures that the overall investment strategy of the DB section of the Fund has exposure to both "Income" assets and "Matching" assets. This ensures that the DB section of the Fund is diversified across the different risk/return spectrum. In addition, the IFC ensures that the asset classes within the Growth section are diversified. For example, in addition to Equities, the Growth portfolio has exposure to other "Growth" assets such as Private Equity and Property.

14. Credit risk

The Trustee allocates to credit assets within the Income category. In order to reduce credit risk, the IFC maintain a diversified portfolio of underlying credit.

15. Responsible Investment and Stewardship

The Trustee is a signatory to the Principles for Responsible Investment (PRI) through the Unilever Pension Funds umbrella agreement. The Trustee believes that investing sustainably allows it to better assess the value and likely future performance of an investment over the medium to long-term. Sustainable investing is about generating a long-term risk adjusted return aligned with the Fund's objectives, whilst at the same time promoting a stable, well-functioning and well governed social, environmental and economic system on which long-term sustainable returns are dependent. The Trustee currently does not take into account any factors it considers to be non-financial. However, this is reviewed on a periodic basis.

Of the environmental factors the Trustee takes into account, it believes that climate change presents the greatest risk to the long-term value and security of the Fund's assets. The Trustee believes that these environmental factors, in particular climate change, will have significant and wide-ranging implications for the global economy for the foreseeable future and the potential to impact the dynamics of global growth.

Implementation:

It is the Trustee's policy that all matters are taken into account in the selection, retention and realisation of investments to the extent that they are materially relevant in assessing the future prospects of specific investments, including Sustainability considerations.

The Trustee has a three-tiered approach to implementing sustainable investing:

- Tier 1 – Includes ensuring that the investment managers are evaluated and tested to assess how Sustainability considerations are being taken into account. This is through a tool that the Trustee helped develop called the Manager Evaluation Framework.
- Tier 2 – Includes investing in funds which integrate Sustainability in their investment processes and decision making, and which are aligned with our Sustainability beliefs and goals.
- Tier 3 – Includes specific impact investing opportunities. This has recently been implemented for the DB section, via a tailored real asset impact investing fund which Unilever's in-house pensions/investment organisation has set up on behalf of Unilever Global pension funds.

Engagement: An external stewardship provider carries out the voting and engagement services in relation to the majority of the Fund's applicable assets, although some engagement is carried out by the Fund's investment managers. The use of voting rights attached to shares held by the Trustee is regarded as an important component of the Trustee's stewardship activities. The Trustee aims to vote at all shareholder meetings of companies in its portfolios, seeking to use these voting rights to reinforce its wider stewardship approach and overall engagement strategy. In order to achieve this, the external provider makes recommendations on all voting opportunities where this is possible.



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The external stewardship provider engages with companies on material environmental, social and governance risks as set out in their Engagement Plan. Specifically, they focus on four core objectives: Environment; Social & Ethical; Corporate Governance; and Strategy, Risk & Communications. As part of the focus on Corporate Governance, they engage on conflicts of interest that can occur, for example on the misalignment of executive remuneration and long-term strategy or sustainability, as well as on related party transactions.

The external provider also seeks to ensure that capital allocation is consistent with business purpose and long-term strategy, in the interests of long-term investors and other key stakeholders, where relevant and of material concern. This includes engaging on aspects of capital structure including: share buybacks, cross-shareholdings and high cash holdings, which should be justified in the context of long-term strategy and business purpose, to avoid the risk of serving merely short-term interests or failure to invest to sustain and improve the underlying long-term performance of the business. In addition, they provide voting recommendations and related engagement on resolutions concerning capital structure. These vary by jurisdiction and can cover issues such as dividend approvals, share issuance and buybacks and borrowing powers. Where relevant and practicable, they engage with companies on their proposals, taking the perspective of what will promote long-term sustainability of the company, consistent with business purpose and long-term strategy.

Whenever possible, the Trustee, through the external provider, seeks an open dialogue with portfolio companies in advance of casting a vote against management to explain the rationale and to seek change in the company's position. Where a vote against management is cast, the external provider communicates with the company to explain the decision and what could be changed in future.

Company-specific engagements are normally undertaken by the external provider where it believes that engagement will lead to an increase in the value of a company's shares, or engagement will prevent or limit a decrease in the value of a company's shares. The provider engages both individually and collaboratively with other investors.

Divestment: In relation to assets held by the Fund, it is the Trustee's policy, where reasonably feasible and cost-effective, to use engagement to bring about changes required for the assets to be more closely aligned with the Trustee's objectives and policies. However, the Trustee believes that divestment is appropriate in certain circumstances, for example where engagement is not practicable, has failed or is unlikely to be effective.

The Trustee has adopted a Divestment Policy which applies to companies directly involved in the manufacture of cluster munitions or anti-personnel mines and companies for which the majority of revenues come from coal mining or coal power generation. These companies expose the Trustee to risk that is not expected to be adequately rewarded, and the coal companies are seen as unlikely to be successful when it comes to transitioning to a low carbon economy.

Collaboration: The Trustee recognises that sustainable investing practices are not yet standardised nor static. The Trustee therefore believes in collaboration with peers and industry organisations to support progress in this area and to ensure ongoing evaluation of the effectiveness of collaboration. The Trustee is, for instance, a member or contributor to a number of collaborative initiatives, as acting as part of a larger collective can increase the likelihood of successful engagement. Opportunities to collaborate are considered on a case-by-case basis.

The Trustee has a Sustainability policy which sets out further details, including further information on the implementation of the policy.

DC Section

16. Investment Objectives

For the DC section the Trustee's objective is to ensure that the Fund is effectively governed and administered, with suitable investment and retirement options, and a communication and education programme that enables members to make



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informed decisions that are appropriate for their circumstances. The Fund rules set out a framework for the investment of the DC assets. Under that framework the Trustee provides members with investment options meeting objectives prescribed in the Fund rules.

The individual investment fund objectives are outlined below:

Fund Option	Objective aim
Emerging Market Equity Fund	Achieve a return similar to that which could be achieved via a portfolio invested in securities listed in or related to Emerging market countries
Global Equity Fund	Achieve a return similar to that which could be achieved via a portfolio invested in globally diversified equity markets (i.e. UK, US, Europe, Japan, Asia and Emerging markets)
Moderate Growth Fund	Achieve a return over the long term (5 years or more) that exceeds the return on the cautious growth fund (albeit with a higher prospect that a negative return could be experienced over the same period than the cautious growth fund)
Cautious Growth Fund	Achieve a return over the long term (5 years or more) that exceeds the return on the cash fund (albeit with a higher prospect that a negative return could be experienced over the same period than the cash fund)
Long-Term Inflation Target Fund	Achieve a return over the long term (5 years or more) that aims to provide some degree of protection against changes in Consumer Price Inflation (CPI) thus maintaining the real purchasing power of an investment
Bond Fund	Achieve a return which aims to provide some protection against changes in fixed annuity prices as a member approaches retirement, as well as operating as a relatively low risk bond fund investing predominantly in fixed interest gilts and/or corporate bonds
Cash Fund	Preserve capital whilst aiming to provide a return on investments similar to that which might be achieved on cash deposits in a bank or building society

The range of options is designed to offer members different combinations of investment risk and prospective return. There are auto switch lifestyle strategies under which the investments representing the member's account are reshaped as the chosen or default target retirement date approaches.

DC section - default

There are default options for members who decide not to take active investment decisions. The Trustee has chosen two different default options for the two different membership types, DB Retirement Account Members (“hybrid members”) (generally with both DB and DC benefits) and DC Retirement Account members (“DC only”). The default investment options chosen by the Trustee aim to deliver a level of real return over members' working lifetimes, whilst mitigating risk through diversification through different equity and bond classes, property and cash. Members are invested in a 100% allocation to the Moderate Growth Fund whilst they are at least 10 years from the target retirement age. This is invested in equities and other diversifying assets and is expected to provide growth with some downside protection and some protection against inflation erosion. As the member approaches retirement, assets are gradually moved to the Cautious Growth Fund, and then the Cash Fund so that investment risk is reduced. For hybrid members, 100% of assets are moved into the Cash Fund prior to retirement, however for DC only members 25% of the assets are moved into the Cash Fund prior to retirement (with the remainder of assets remaining in the Cautious Growth Fund), these allocations aim to match the investment strategy at retirement for each member type to the likely form in which the member will draw their benefits in retirement. Taking into account the demographics of the Fund’s membership and the expected use of DC assets when members retire, the Trustee believes that the current default investment options are appropriate. The Trustee came to this conclusion following the latest advice from one of the Trustee’s key DC investment advisers.

Members are also offered access to a limited number of other funds and alternative auto switch lifestyle options to enable members to tailor their investment strategy to their own needs (for example to target annuity purchase or income



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drawdown at retirement). All the funds offered, and auto switch lifecycle options are described in more detail in the member booklet which is available on the Investing plan web portal.

17. Investment Strategy: asset allocation

The DCC receives professional independent investment advice on the underlying asset allocation of each of the 7 investment options. This is to ensure that the combination of the underlying assets is expected to meet the overall expected return and risk objectives of the default options and the other investment options.

18. Investment Management Structure

Investment options and auto switch lifestyle strategies are implemented through unit-linked funds provided on an investment platform under a unit-linked life policy with Fidelity.

19. Permitted Investments and Constraints

When choosing investments, the Trustee and the investment managers (to the extent powers are delegated to them) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4), and the principles set out in this SIP. The Trustee takes appropriate professional independent investment advice, under section 36 of the Pensions Act 1995, before it makes any decision to acquire, retain or realise any particular investments (e.g. investments in pooled funds). Details of the arrangements for each underlying fund manager are set out in legal agreements between the manager and the platform provider, the Trustee does not have any direct arrangements with any of the underlying managers and further detail of those arrangements is not therefore included in the SIP.

Performance and risk metrics are monitored on a quarterly basis, along with ratings for each manager. The DCC performs a review of the asset allocation of each of the 7 investment options and the underlying managers on a periodic basis (at least every 3 years). This review includes assessment from an external consultant on each of the funds, to cover their past performance and approach to ensure that they remain suitable given the objectives of the options. Transaction costs are assessed in the annual disclosure, along with a consultant's independent assessment of the value the Fund provides to members. The DCC, where relevant, considers other key factors (in addition to performance) when assessing manager performance (including, but not limited to organisational structure, people, operational systems, investment strategy of the underlying fund, robustness of the risk management and so on).

20. Custody

The Trustee regards the safekeeping of the Fund's assets as being of paramount importance. The DC assets are held under a unit-linked life policy with Fidelity and the Trustee is satisfied that the policy terms meet its criteria with regard to the safekeeping of assets. The Fidelity service levels are documented and reviewed on a regular basis.

21. Risk Management and Monitoring

With respect to the DC Section, and in particular as applicable to the Default Investment Options, risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In designing the default options and selecting the other options available to members, the Trustee has explicitly considered the trade-off between risk and expected returns, considering these from the point of view of a long-term investor, but offering sufficient flexibility for members who have a shorter time horizon as they approach retirement. The specific risks of which the Trustee takes account include but are not limited to:

- **Default investment options being unsuitable for the requirements of some members:** this risk is addressed by giving members a range of options, one of which is their default investment option. Members are provided with a



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diversified, but limited, range of options which they can choose bearing in mind their attitudes to risk, expectations of returns, desire for inflation protection and intentions with regard to retirement.

- **Not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices:** this risk is addressed by members being given frequent information on their fund balances and information on the expected return and risk of the fund options.
- **Underperformance:** This risk is considered by the Trustee and its investment adviser within its ongoing review of the performance of the underlying manager funds selected.
- **Fraud, poor advice or acts of negligence:** The Trustee seeks to minimise this risk by ensuring that its advisers and third-party service providers are suitably qualified and experienced, that suitable liability and compensation clauses are included in all contracts for professional services and that suitable due diligence is done on a regular basis.
- **Liquidity:** Offering readily marketable options.
- **Currency risk:** The DCC receive independent professional advice on currency risk on a regular basis. The DCC also take into account the Trustee Board's DB FX policy as far as it is appropriate, feasible and value for money to do so.

The Trustee reviews from time to time (at least once every three years) with the benefit of professional independent advice the appropriateness of its investment objectives and asset allocation for the DC arrangement. This review takes account of the continued suitability of the insurer and the investment platform, the investment choices, the automatic switch facilities and the default options. Should there be a material change in the Fund's circumstances, the Trustee will review whether and to what extent the investment arrangements should be altered, and in particular whether the current risk profile remains appropriate.

Performance is measured by the DC administrator. Reports are prepared at least quarterly and in comparison to benchmark returns.

22. Realisation and liquidity of assets

All the funds chosen can be liquidated on a daily basis.

23. Active versus passive management

The Fund has exposure to both active and passive management within the DC section of the portfolio. When determining whether an asset class should be actively or passively managed, the DCC considers market inefficiencies alongside (but not limited to) other considerations such as expected net of fee returns, the availability of skilled active managers, the ability to identify those managers and the constraints around those managers.

24. Responsible Investment and Corporate Governance

The Trustee is a signatory to the Principles for Responsible Investment (PRI) through the Unilever Pension Funds umbrella agreement. The Trustee believes that investing sustainably allows it to better assess the value and likely future performance of an investment over the medium to long-term. Sustainable investing is about generating a long-term risk adjusted return aligned with the Fund's objectives, whilst at the same time promoting a stable, well-functioning and well governed social, environmental and economic system on which long-term sustainable returns are dependent. The Trustee currently does not taken into account any factors it considers to be non-financial. However, this is reviewed on a periodic basis.

Of the environmental factors the Trustee takes into account, it believes that climate change presents the greatest risk to the long-term value and security of the Fund's assets. The Trustee believes that these environmental factors, in particular climate change, will have significant and wide-ranging implications for the global economy for the foreseeable future and the potential to impact the dynamics of global growth.



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Implementation:

It is the Trustee's policy that all matters are taken into account in the selection, retention and realisation of investments to the extent that they are materially relevant in assessing the future prospects of specific investments, including Sustainability considerations.

The assets are invested in pooled funds but the Trustee requires all underlying equity managers to have a Sustainability policy in place and to be signatories to the UN PRI as a minimum, in order for their fund to be made available to members. The underlying investment managers have full discretion in evaluating Sustainability factors, including climate change considerations. The selected fixed income managers must also take Sustainability risk factors into account when appropriate. Voting and engagement activities are carried out by the investment managers, in conjunction with their appointed stewardship providers, where applicable.

The Trustee has helped to develop Sustainable Equity funds, which are aligned with the Trustee's Sustainability policy. Due to the importance of Sustainability, it was decided that these funds should be included within the default investment option, they provide all of the Fund's Global Developed Equity holdings.

The Trustee has a Sustainability policy which sets out further details, including further information on the implementation of the policy.

Andy Rowell

Signed on behalf of the Trustee of the Fund

Date: 18 October 2023