Summary Funding Statement

31 March 2019

Unilever

Unilever UK Pension Fund

Every three years, the Trustees of the Unilever UK Pension Fund arrange something called a valuation. The valuation involves looking at how much money is in the Fund (its assets), and comparing that with how much money we think we'd need in order to pay the benefits that members have built up (its liabilities). By law, we have to base this valuation on the figures as they stand on a given day.

The most recent valuation looked at the figures as they stood on 31 March 2019. It showed that, on this date, the Fund had more in assets than it did in liabilities – meaning it was in surplus.

This document explains more about the results of the most recent valuation.

What this document tells you

How we assess the Fund's position

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

The details of the Fund's position

- The key figures and how they compare to the year before
- Changes following the latest valuation
- What's happened since the last statement

Where to go to find out more

How we assess the Fund's position

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

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

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

How we set the funding target

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

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

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

How we measure the funding level

To assess the funding level, our actuary compares the value of the Fund's assets with the value of its liabilities. After that, we can work out whether we need Unilever to put in any extra money into the Fund, to bridge any gap.

What we expect from Unilever

The Fund relies on Unilever to:

- Pay regular contributions to cover its share of the cost of benefits that members build up in future
- Help to cover the expenses of running the Fund each year
- Put in extra money if the Fund is ever in a position where the technical provisions are greater than the assets

The details of the Fund's position

The key figures and how they compare to the year before

On 31 March 2019, the Unilever UK Pension Fund had a surplus of **£334 million**, which equates to a **funding level of 104%**. The position had improved from 31 March 2018 when we reported the results of the annual funding update.

	31 March 2019
Assets	**£9,775 million**
Liabilities	**£9,441 million**
Assets minus liabilities	**£334 million surplus**
Assets as a percentage of liabilities	**104% funding level**

	31 March 2018
Assets	**£9,500 million**
Liabilities	**£9,672 million**
Assets minus liabilities	**£172 million deficit**
Assets as a percentage of liabilities	**98% funding level**

Why the funding level has improved since 2018
There are two main reasons for the improvement in the funding level. Firstly, the value of the Fund's assets increased more than its liabilities. Secondly, we changed some of the assumptions used to calculate the figures, which meant that the estimated value of the Fund's liabilities reduced.

The funding level if the Fund had closed on the valuation date
By law, we also have to estimate what our liabilities would be if the Fund closed, and we paid an insurance company to take on the responsibility of paying each member their pension instead. This doesn't mean Unilever is thinking of doing this. It just helps to give a fuller picture of the Fund's position. If the Fund had closed on the date of the valuation, it would have had a deficit of £3,038 million, equal to a funding level of 76%.

Changes following the latest valuation

Unilever has increased how much it pays into the Fund
As part of the valuation, we assess how much we think it will cost to pay members the benefits they will build up in the future. Following this assessment, from 1 April 2020, Unilever will be increasing the amount it pays into the Fund for these future benefits to 39.1% of pensionable earnings (between the two Career average plan levels). 5% of that amount is from members' contributions.

As the valuation showed a surplus in the Fund instead of a deficit, Unilever is no longer paying extra money to close a deficit gap.

We've agreed a new funding target
Our initial funding target was to meet 100% of the liabilities as measured on a 'technical provisions' basis. As we've shown above, the funding level of the Fund is now 104% on this basis. We've agreed with Unilever to use an additional lower-risk basis for measuring the Fund's financial position, as well as the technical provisions basis.

On 31 March 2019, the Fund was 90% funded on this new lower-risk basis. Our new target is to reach a funding level on this basis of 105% by 31 December 2029. If we reach this target of 105% we will be able to follow a lower-risk investment strategy. This strategy means that the Fund will be less likely to fall below 100% funding and need extra payments from Unilever in the future.

What's happened since the last statement

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

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

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

Where to go to find out more

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

Read the Annual Report & Accounts at **uukpf.co.uk**

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

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

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

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