UNILEVER UK PENSION FUND

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2020

UNILEVER UK PENSION FUND

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

Unilever PLC is the principal employer of the Unilever UK Pension Fund ('the Fund' or 'the UUKPF'), 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

UNILEVER UK PENSION FUND
FROM THE CHAIRMAN OF THE TRUSTEES

Introduction

Welcome to the Trustees' Report and Financial Statements for the Fund for the year ending 31 March 2020.

The year to 31 March 2020 was another busy year for the Trustees and one which saw corporate events and extraordinary external factors pose many and varied challenges. Key highlights, which are covered later, included:

- Implementation of successful business continuity arrangements as we adopted new ways of working in light of the coronavirus pandemic
- Completion of our 2019 actuarial valuation and the associated new approach to reducing investment risk over time, this is designed to target achieving the Long Term Funding Target by 2029
- Implementation our new DC Investment strategy
- The establishment of a new strategy to engage members on pension matters more effectively
- Our approach to sustainability
- Consideration of Unilever's corporate changes.

Review of the year

<u>Covid19</u>

The coronavirus pandemic affected us all and in unprecedented ways. The Trustees together with the Unilever UK Pensions Team took steps to assess and mitigate, where possible, the risks posed by the potential consequences of the pandemic. The Trustees proactively ensured that our service providers, in particular our administrator Capita, could continue to operate and back up plans to ensure that essential functions, such as pensioner payments, were put in place should large numbers of their team not be able to work.

The pandemic caused heightened market volatility and reductions in asset values. It should be remembered that we are long term investors and so such volatility is less of an issue for us than many other investors. Nonetheless, we did review our Defined Benefit (DB) investment strategy to reassure ourselves that it remained appropriate in the light of the market reaction to the coronavirus. In addition, we continue to be vigilant to potential implications of the coronavirus to Unilever as sponsor of the UUKPF. Our advisers, who help us assess the financial strength of Unilever, are regularly monitoring the situation. However, given the sectors in which Unilever operates and the very well diversified nature of its business, we currently believe that Unilever's ability to support the Fund remains strong.

<u>Actuarial Valuation</u>

We completed the triennial actuarial valuation as at 31 March 2019. A valuation is a formal 'health check' of the Defined Benefit section (i.e. the Final Salary and CARE sections) finances. During the valuation, the Scheme Actuary assesses how the Fund's assets compare with its liabilities and it was concluded that, at the valuation date, there was a surplus of £334 million, and an equivalent funding level of 104%, based on the "Technical Provisions" or "TP" measure of our liabilities, which was an improved position on the funding level at the prior valuation of 86%. This TP measure can be considered to be the on-going measure of our liabilities that allows for a prudent estimate of our future expected investment returns based on our current investment strategy. We also measure our liabilities on what we now refer to as a "Low Employer Dependency" or "LED" basis. This LED basis allows for a situation where the UUKPF can operate with only a low level of support from Unilever and possibly without any support at all if that became necessary, and therefore allows for an investment strategy where our assets closely match the requirements of our liabilities. On the LED basis our funding level at the valuation date was 90%.

<u>Defined Benefit funding and investment review</u>

As Trustees, we regularly monitor the financial strength of Unilever and, as mentioned above, we believe that it continues to be a strong and well diversified employer. This reassures us that Unilever should be able to withstand unexpected events. The Trustees' goal is to reach a Long Term Funding Target ("LTFT"), where there is limited reliance on the Company. In conjunction with the actuarial valuation, the Trustees reviewed the LTFT and we reconfirmed that it should be 105% of our LED liabilities. In conjunction with the actuarial valuation, the Trustees reviewed the LTFT and we reconfirmed that it should be 105% of our LED liabilities. The target was set at 105% to include a degree of prudence (which helps to ensure the funding level can be maintained at this level once it is reached, without reliance on the Company). We also reviewed our current DB investment strategy and our investment journey plan, with an aim to reach our LTFT by 2029. You will find further details about this in the Investment Report.

Sustainable investment

The Trustees' have a policy, which sets out our approach to Sustainability. The details of our sustainable initiatives and our views on sustainability matters are included in the Statement of Investment Principles and our Task Force on Climate Related Financial Disclosures Document (TCFD) Statement. This includes plans to increase our allocation to Sustainability tilted Defined Contribution (DC) equity investments. During the year, we decided to set up a new Sustainable Working Group to review our approach to sustainable investment. We expect to complete that review by the end of 2020 and to implement any changes arising from it starting in 2021.

DC matters

The Defined Contribution section of the UUKPF, the Investing plan, continues to be an increasing part of the UUKPF with the total assets amounting to around £156m.

You may recall last year I reported that having reviewed the DC Investment Strategy we would be making some changes to the underlying funds. During the year we implemented the changes, resulting in amendments to the underlying investments which we expect to result in better risk adjusted returns. We also agreed lower administration fees which benefits our members.

Unilever Corporate Events

At the end of 2019 Unilever proposed a number of benefit changes to the Fund. Unilever started a consultation with their employees which was suspended for a period in response to the coronavirus pandemic. Unilever is still consulting with employees. Although as Trustees we do not have a role to play in the consultation, were any changes required to the Fund's legal documentation, we will carefully consider the final proposals and seek advice from our advisers.

Member engagement

The Trustees have undertaken a review of how we currently engage with the membership. This included talking to members about their views on pensions communications and comparing communications issued to members from Unilever, Capita and the Trustees. From the review, the Trustees have developed a strategy which aims to make communications more understandable for members to help with their decision making. The strategy will be gradually implemented over the next few years.

Trustee Governance matters

Good standards of governance are essential to the running of a pension scheme. As a part of this, the Trustees regularly review the Fund advisers to ensure the best service is provided to the Fund. This year a review of the actuarial services was undertaken and it was agreed to reappoint Aon. I am also pleased to announce that John Coulthard was appointed as the Scheme Actuary following Richard Whitelam's retirement. We are very grateful to Richard for his expert actuarial advice and wise counsel over many years.

We continue to actively monitor and proactively manage the administration service provided by Capita to ensure they meet the standard of service expected.

Following an industry review by the Competition and Markets Authority (CMA) we followed their recommendations and put in place objectives to help us better assess the quality of the service we receive from our Investment Managers.

Pension scams continue to pose a threat to members and we have reviewed letters and other communications to make sure that they contain appropriate warnings to members about scams.

The Trustees attended a risk workshop during the year in which we discussed the most immediate issues we feel could disrupt the running of the Fund. This is now an annual event as part of our risk management framework.

During the year, we said goodbye to three of our Trustees; Clare Cavana, Susie Franklin, and John Cryer. I would like to thank them for their contribution to the Trustee Board. We have welcomed Beth Farrar, Christine Winn, and Matthew Powell as their replacements.

Looking ahead

We will continue to review the short and long term implications for the UUKPF of the coronavirus pandemic as we head into what many are calling the “New Normal”. As mentioned above, however, we recognise that pension schemes are long term savings vehicles and therefore it will be important to take a considered and appropriate view to any such changes.

We continue to keep an eye on the implications to the UUKPF as a result of the UK leaving the EU as part of Brexit.

The coming year will see the Active Member Nominated Trustee election in early 2021 for the appointments to start from 1 May 2021. The election was deferred from 2020 to 2021 to give time to implement some changes to our election process. We are very keen to encourage candidates from all backgrounds to help ensure that our Trustee Board maintains the right level of skills, experience, and diversity.

Regular adviser reviews are part of maintaining good governance and during 2021 we will be reviewing the covenant adviser and the Independent DC Expert (who sits on the DC Committee).

I would finally like to thank and acknowledge the support and contributions I have received from all my co-Trustees. I would also like to thank the Unilever executive teams (Unilever UK Pensions and Univest Company) and all our professional advisers who supported the Trustee Board throughout the year.

Tony Ashford

Chairman, Unilever UK Pension Fund Trustees Limited.

21 September 2020

UNILEVER UK PENSION FUND
TRUSTEES AND ADVISERS

Trustee Company: Unilever UK Pension Fund Trustees Limited

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

- an independent Chairman of the Trustees jointly appointed by the other Trustees and Unilever Plc;
- five Trustees appointed by Unilever Plc;
- four Trustees elected by members; and
- one Trustee selected after being nominated by deferred members.

Details of the Trustees' remuneration are in the notes to the financial statements on page 65.

Appointment and removal of Trustee Directors

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

The five member-nominated Trustees 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 Trustees - nominated and elected by pensioners;
- one deferred member Trustee - nominated by deferred members and selected by the Board; and
- two active member Trustees - nominated and elected by active members. (There are two constituencies and each elects its own member).

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

Changes to the Board

Joining the Board	Christine Winn (appointed 1 May 2019) Matthew Powell (appointed 1 July 2019) Beth Farrar (appointed 17 February 2020)
Leaving the Board	Susie Franklin (term of office ended 30 April 2019) John Cryer (term of office ended 30 June 2019) Clare Cavana (resigned 7 October 2019)

The current Trustees

Independent Chairman	Tony Ashford
Appointed by Unilever PLC	Beth Farrar
	Stuart Hawthorn
	Daniel Jones
	Charles Nichols
	Roger Reed
Elected by eligible active employees	Bill Hodgson
	Matthew Powell
Selected from deferred members	Neil Bertram
Elected by eligible pensioners	David Bloomfield
	Christine Winn

Other roles

Fund Secretary to the Board	Andy Rowell
Independent Investment Expert	Sarah Smart
Independent DC Expert	Ian Maybury

Current Key Advisers

Scheme Actuary	John Coulthard FIA, Aon Hewitt (appointed 1 February 2020)
	Richard Whitelam FIA, Aon Hewitt (resigned 31 January 2020)
Actuarial advisers	Aon Hewitt Limited
Independent auditor	Grant Thornton UK LLP
Internal auditor	Deloitte LLP
Banker	HSBC Bank PLC
Custodian	The Northern Trust Company
Investment consultants	Mercer Limited
	Redington Limited
	Barnett Waddingham
	Willis Towers Watson (appointed 24 February 2020)
Covenant adviser	Penfida Partners LLP
Investment managers	Allianz Global Investors Europe GMBH
	BlackRock Advisors (UK) Limited
	Cambridge Associates LLC
	CB Richard Ellis Global Investors Limited
	CRE Loans S.C.S
	Fidelity Investments Life Assurance Limited
	Goldman Sachs International
	HPS Investment Partners LLC
	J.P. Morgan Asset Management (Europe) S.a.r.l.
	M&G Investment Management Limited
	Northern Trust Luxembourg Management Company SA*
	Ownership Capital B.V
	Pantheon Ventures (UK) LLP
Property valuer	Colliers International
Principle legal advisers	Travers Smith LLP
	Linklaters
	DLA Piper

***** 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 “Univest pooled arrangements” on page 37.

UNILEVER UK PENSION FUND
TRUSTEES AND ADVISERS (continued)

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	Jayne Atkinson (Chief Investment Officer) 3 St James's Road, Kingston KT1 2BA
Unilever Pensions Team	Unilever UK Pension Fund Capita PO Box 420 Darlington DL1 9WU Tel: 0800 028 0051 unileverpensionsteam@capita.co.uk

UNILEVER UK PENSION FUND
TRUSTEES' REPORT

Introduction

The Unilever UK Pension Fund is made up of two 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 2019 to 31 March 2020 the lower level was £6,645 and the higher level was £60,500.

Active members can use the Investing plan to top up their benefits in addition to what 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.

Membership profile

Below are summary figures for the Fund membership at 31 March 2020:

Active members	6,154
Deferred members	28,281
Pensioner and Dependent members	38,830
Total	73,265

You can find a more detailed breakdown (including changes over the year) on pages 72 and 73.

Trustee Meetings

We normally hold quarterly meetings to conduct the business of the Fund, quarterly meetings of most Committees and additional Working Party meetings when necessary. Full Board meetings were held in April, July, October 2019 and January 2020. We also hold two training/strategy days a year.

The Trustees will meet more often and hold special Board meetings as required. During the year the Board met in December 2019, January 2020 and February 2020 to consider the proposed benefit changes that the company announced at the end of 2019 as mentioned in the Unilever Corporate Events section of the Chairman's introduction.

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 21 September 2020.

Audit & Risk Committee ('ARC')

Matthew Powell (Chairman)
David Bloomfield
(Secretary: Nicola Pugh)
Neil Bertram
Tony Ashford

The ARC acts as an audit committee for external and internal audits and oversees the Board's risk management processes and its fraud and whistleblowing policies. The ARC also has a governance oversight role in respect of administration and communication matters for both the DB and DC sections. The ARC also led on work to ensure the Fund was prepared for the UK leaving the EU.

Investment & Funding Committee ('IFC')

Charles Nichols (Chairman)	Sarah Smart (Independent Investment Expert)
Tony Ashford	Roger Reed
Bill Hodgson	(Secretary: Jo O'Carroll)

The IFC's key role is to recommend a DB investment strategy to the 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).

Defined Contribution Committee ('DCC')

Roger Reed (Chairman)	Ian Maybury (Independent DC Expert)
Beth Farrar	Christine Winn
Daniel Jones	Stuart Hawthorn
(Secretary: Marjo Nivala)	

The DCC looks at governance 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 Additional Voluntary Contributions ('AVC') arrangements.

Appeals & Discretions Committee ('ADC')

Bill Hodgson (Chairman)	Christine Winn
David Bloomfield	(Secretary: Peter Bewley)

The ADC meets when required to exercise certain discretionary powers for administration and death benefits and deals with any second stage Internal Dispute Resolution cases.

Pension increases

Final salary plan	Most pensions in payment (above Guaranteed Minimum Pensions ("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 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 had 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 had chosen to pay towards increases of up to 5%.

The increase in the RPI from January 2019 to January 2020 was 2.7%. This increase was applied as above with no discretionary increases from the Company so that the general increase to most pensions in payment (above the GMP) on 1 April 2019 was 2.7% (April 2019: 2.5%). Pensions from acquired pension funds may have different increases. The minimum increase applied to some pensions in payment was 0% and the maximum was 5%.

Deferred pensions increased by 2.7% 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%.

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, or by Resolution where allowed by legislation. During the Fund year, two changes were made:

Date the Deed was executed	Description of Change
1 April 2019	Deed of Amendment executed making the 27 March 2013 Auto-enrolment Interim Amending Deed and the DC Auto-enrolment Interim Amending Deed dated 27th June 2013 definitive from 1 April 2013. The amendments in both interim deeds related to the employer duties under the auto-enrolment legislation introduced by the Pensions Act 2008. They were introduced on an interim basis because the auto-enrolment legislation was not fully settled at the time, but amendments needed to be in place by 1 April 2013. The Deed closed the DC Auto-enrolment section from 1 April 2019.
19 November 2019	Deed of Amendment executed to give the Principal Company a discretionary power to allow a member to draw their pension if they would otherwise have been able to except for the fact that they are still in employment with a Unilever employer. This was to allow Unilever PLC the power to allow U-Work employees to draw a UUKPF pension while working for Unilever on a U-Work contract.

Report on Actuarial Liabilities

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 the annual estimates are based on the assumptions used during the previous full formal 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 liabilities (or, to use the official term, "technical provisions"). The liabilities are 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 completed formal valuation was 31 March 2019. It showed the following:

- The value of the technical provisions was: £9,441 million
- The value of the assets was: £9,775 million

The resulting surplus relative to the Fund's technical provisions was £334 million, or a funding level of 104%. The funding level at the prior valuation was 86%.

The valuation adopted the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cashflows, based on benefits accrued to the valuation date and the various assumptions made.

The key actuarial assumptions made in the 2019 valuation were:

Assumption	**% pa**
Discount rate	
- pre-retirement	2.59 - 4.30
- post retirement	1.09 - 2.80
Rates of price inflation	
- UK retail price inflation - UK RPI	2.40 - 3.83
- UK consumer price inflation - UK CPI	1.30 - 2.73
Pension Increases	
- RPI Max 5%	2.19 - 3.52
- RPI Max 3%	1.75 - 2.83
- RPI Max 2.5%	1.58 - 2.48
- CPI Max 3%	1.26 - 2.18
Pay increases	2.30 - 3.73

Mortality was based on the latest research taking into account the Fund's own experience. Assumed life expectancies fell from the last valuation. A pensioner aged 65 at the valuation date was assumed to live to age 86.8 (males) and 89.5 (females).

Following the High Court ruling on 26 October 2018, in relation to the Lloyds Banking Group case there has been issued a significant measure of clarity on GMP equalisation. As such the Scheme Actuary was able to provide an estimated cost of GMP equalisation for the Fund. Based on this initial analysis an allowance of 0.4% has been added to the liabilities.

Members were issued with the results of the 2019 valuation in a Summary Funding Statement in June 2020. Further detail on the method and actuarial assumptions used to determine the technical provisions is set out in the Statement of Funding Principles, which is available from the Fund Secretary on request.

The Scheme Actuary provided us with an update of the approximate technical provisions' level at 31 March 2020.

Shortfall at 31 March 2020	£433m
Funding level at 31 March 2020	96%

The position at 31 March 2020 is close to the low point in recent months, as it coincided with the height of the COVID-19 pandemic and associated turmoil in financial markets. The funding position has improved and at 30 June 2020 there is an estimated surplus of £236m on the technical provisions basis, equivalent to a funding level of 102%.

Transfer values

Transfer values are calculated 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.

The Trustees reviewed the CETV calculation basis following the completion of the valuation of the Fund as at 31 March 2019. During the Fund year, Unilever's discretionary practice continued to be 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.

Other information

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

During the year, Mr R Whitelam retired from Aon Hewitt Limited and resigned his position as Scheme Actuary. In his statement on leaving office, he noted no circumstances connected with his resignation which, in his opinion, significantly affected the interests of the members or the prospective members of, or beneficiaries under, the Scheme. His colleague Mr J Coulthard was appointed as Scheme Actuary in his place.

No refunds have been made to the employer during the year (2019: £nil).

The Trustees confirm that the financial statements 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, DC Chairman's Statement, Investment Report, Membership Statistics and Financial Statements were approved at a meeting of the Board on 21 September 2020.

On behalf of the Trustees

Tony Ashford
Chairman
21 September 2020

Andy Rowell
Secretary

UNILEVER UK PENSION FUND
DEFINED CONTRIBUTION ANNUAL STATEMENT

Introduction

The Unilever UK Pension Fund (the 'Fund') is a "hybrid" scheme as it provides both Defined Benefit (DB) and Defined Contribution (DC) benefits. The Final salary plan and Career average plan are Defined Benefits. The Fund's Investing plan and its "legacy" Additional Voluntary Contribution (AVC) arrangements are DC arrangements. When we refer to 'legacy' AVCs throughout this statement, we mean those AVC arrangements that were in place before the Investing plan and those DC arrangements that came into the Fund following Unilever's acquisition of another company which are not invested in the range of funds which are used for the Investing plan.

This statement, which covers the period from 1 April 2019 to 31 March 2020, is only about the Fund's DC arrangements – it covers the Fund's Investing plan set up in 2008 which is administered by Fidelity Investments Life Insurance Limited ('Fidelity') and the Fund's various legacy AVC arrangements which are held with external providers. It is a legal requirement for trustees to include an annual statement regarding governance of their DC arrangements in the report and accounts. This statement details how the Fund Trustees:

- have designed a default investment strategy that is in the members' interests and keep it under regular review;
- ensure that core financial transactions are processed promptly and accurately;
- have assessed the value of costs and charges borne by scheme members; and
- ensure Trustee Knowledge and Understanding requirements are met

The default investment strategy

The Fund is used as a 'qualifying scheme' for auto-enrolment. The Investing plan has a range of funds in which members can choose to invest, including a default investment strategy. Members who do not actively choose funds to invest in are placed in the default investment strategy which is a life style arrangement with three funds: the Moderate Growth Fund, the Cautious Growth Fund and the Cash Fund. The Statement of Investment Principles for the default strategy ('Default SIP') attached gives more information about the default strategy. There is no default strategy associated with the legacy AVC arrangements.

Investing plan review (including the review of the default arrangement and its performance)

The Trustees review their aims, objectives and policies in relation to the Investing plan funds at least every three years. The most recent review began in in 2018 and was completed on 30 April 2019. The Trustees sought advice from a professional investment consultant to help them with the review. They considered, among other things, the interests of members, the risk and return profile, fees, performance and the context of the Investing plan being a "top up" arrangement to the Fund's Career average plan benefits. In summary, the Trustees concluded that the current fund choices, their objectives and the default investment strategy remain appropriate. The following agreed changes to the funds making up the default investment strategy took place in December 2019:

- moving half of the current global equity portfolio to an actively managed, multi-factor mandate with an Environmental, Social and Governance (ESG) overlay;
- reducing the exposure to emerging market equities to a neutral position as measured by the market cap of emerging market stocks in a global equity index; and
- replacing the current static income exposures with dynamic credit allocation through an actively managed Multi Asset Credit mandate.

These changes were aimed at offering members better risk adjusted returns. The transfer of assets required to implement these changes took place in December 2019 and was completed successfully on 18 December 2019.

The Default SIP attached to this statement was updated on 8 January 2020 to reflect the changes to the make-up of the funds described above and was reviewed and approved again on 21 September 2020.

The Trustees also looked at how the Investing plan investment and administration services are provided to members to check if the current provider, Fidelity, still provides a good service and value for money compared to the market. The Trustees concluded that they do and as a result of the review the Trustees were able to agree new lower member charges with Fidelity. The revised fees took effect at the same time the investment changes were implemented in December 2019.

In 2020 the Trustees, after taking appropriate professional investment advice, agreed to make an additional change (which affects the default investment strategy) to invest the remaining 50% of the global developed equity portfolio into a multi-factor mandate with an ESG overlay. This transition is expected to take place in October 2020.

In addition to the triennial strategy and performance review described above, the Trustees also monitor the performance of the funds in the default arrangement on a quarterly basis. Based on the monitoring conducted during the Scheme year the Trustees are satisfied that the funds in the default arrangement were performing broadly as expected and consistent with their aims and objectives. No changes were made to the funds in the default arrangement as a result.

The table below shows return figures over the previous 1 year and 5 years. Performance of the funds has been significantly impacted by the market volatility in early 2020 as a result of the global pandemic. This means the moderate growth fund has underperformed the cautious growth fund when averaging over both the 1 year and 5 year period (the Moderate Growth fund's objective recognises it has a higher prospect of a negative return than the Cautious Growth Fund which has been the case in the recent volatile market). However, when performance is looked at over periods greater than 5 years the objectives have been met. The performance of the funds is reviewed by the Committee each quarter and will continue to be monitored closely in periods of increased volatility.

Fund	Objective aim	1 year return to 31 March 2020	5 year return to 31 March 2020 (p.a.)
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)	-10.8%	2.7%
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)	-3.0%	3.5%
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	0.6%	0.3%

Core financial transactions

The efficient running of a DC arrangement depends on the prompt and accurate processing of financial transactions which include (but are not limited to):

- the investment of contributions to the DC arrangements;
- the transfer of assets relating to members into and out of the DC arrangements;
- the transfer of assets relating to members between different investments within the Investing plan; and
- payments from the DC arrangements to, or in respect of, members.

The completion of these transactions involves various external parties. The Trustees understand that if the above transactions are not processed correctly or are delayed, members' retirement savings could be affected. As such the Trustees operate measures and controls aimed at ensuring that the correct amounts for the correct members are invested, or paid out to, or in respect of members in a timely manner. It is the Fund's administrators – Capita and Fidelity – who process core financial transactions. The measures and controls operated by the Trustees are:

Service Level Agreements (SLAs)

Agreements are in place with both Capita and Fidelity by which they commit themselves to complete a range of tasks and which set out how long each task (including core transactions) should take and the agreed expectations for service level performance levels. The service levels are based on legal requirements, regulatory guidance and industry practice. In addition, to help Trustees monitor that the SLAs are being met:

- Fidelity and Capita report quarterly on their performance against those SLAs; and

- Fidelity confirm on a quarterly basis whether contributions have been processed accurately and in a timely manner by them in accordance with the agreed SLAs. Fidelity provided positive assurance that this was the case for the relevant scheme year.

Fidelity and Capita report on any transactions not processed within their SLAs. The Unilever UK pensions team (UUKP) then investigate the cause of the delay and agree any remedial actions. As noted further below, there are agreed actions to improve certain administration processes.

Contribution checks

The Unilever UK Pensions Finance Team carries out a monthly reconciliation, on a member by member basis, to identify any differences between the contributions reported as being paid to the Investing plan by the payroll provider and the contributions reported as being received by the Investing plan provider. This reconciliation is also carried out at Fund year end. Any differences are reported to the UK Pensions Expert Administration Team for investigation and correction if necessary.

The UUKP also carries out an annual reconciliation of members paying extra voluntary contributions to ensure that members have received the full Company matched contribution.

The UUKP Finance Team carries out a reconciliation of the contributions paid to the legacy AVC providers on an annual basis.

Processes in place with external parties

Fidelity have their own internal processes and controls in place to ensure financial transactions are processed promptly and accurately. These processes include:

- A reconciliation of the contribution file against the payment amount received;
- A reconciliation of payments received against payments invested;
- A check to ensure all deals have been placed, and to identify any undealt cash;
- A report to identify members for whom contributions have not been received over a particular period (where Fidelity would have expected to receive contributions); and
- Contributions are invested automatically according to members' instructions – to ensure speed of investment.

UUKP have further reviewed the processes in place and considered the various metrics that are tracked on a quarterly basis to assess core financial transactions which in summary assess the speed and accuracy of the investment of contributions, transfers in and out, disinvestment on retirement and investment switches.

The results of all the above reporting and monitoring checks are summarised on a quarterly basis in a report that is given to the Audit and Risk Committee of the Trustees.

From carrying out their checks the Trustees are satisfied that the majority of core financial transactions have been carried out promptly and accurately during the Fund year. Last year we reported that there were issues with the time taken to invest monies received from transfers in or to pay out transfers following the disinvestment of monies. During 2019 a framework was put in place that aimed to ensure that future transfers were not delayed and improvements have been made with payments being made by same day transfer, however there are still some delays in processing transfers in and out.

A more detailed review of the processes, monitoring and reporting was undertaken earlier in 2020 and identified where the administration processes could be improved. The full impact of the process improvements is expected to be seen in the 2021/22 year.

Equitable Life DC funds – Transfer to Utmost Life and Pensions

Following the policyholders' vote and High Court approval in November 2019, the vast majority of Equitable Life policies were transferred to Utmost Life and Pensions on 1 January 2020. This was the case for the two policies held by the UUKPF Trustees. As part of the arrangement, members who had with profits funds with Equitable Life (excluding Clerical Medical with profit funds) had their funds converted to unit linked funds and in return for the removal of any guarantees attached, they received a one-off uplift to their fund value.

The Trustees, after taking appropriate legal and investment advice, decided that the former with profits funds should, in the first instance, be invested in a Secure Cash Fund, a temporary fund offered by Utmost to assist in the transition of accounts. Members were written to in April 2020 to give them information about the options they had with the long term investment of these former with-profit funds. The Trustees decided that in the absence of any specific member instruction, these pension savings should be transferred to and invested in accordance with the default strategy investment option that applies under the Investing Plan. The bulk transfer from Utmost to Fidelity took place in late June 2020.

Charges and transaction costs

This section covers charges and transaction costs applicable to arrangements under the Fund.

Investing plan

Each Investing plan fund carries a 'total charge', which includes an investment management charge, as well as the costs of administering the Investing plan. This is called the 'Total Expense Ratio' (TER) and is expressed as a percentage of the fund value. Members pay these charges from their account, and the charges will vary from fund to fund. Fidelity take account of the charges when they work out the daily quoted price for each fund.

As explained in the Investing plan review section, lower member charges were agreed with Fidelity and these were in place from 18 December 2019. The table below sets out the TERs that applied to the Investing plan funds in the default arrangements and the self-select funds before this change and the TERs applying from 18 December 2019 to 31 March 2020:

Fund	Charge to 18 December 2019	Charge from 18 December 2019 to 31 March 2020
Moderate Growth Fund*	0.421%	0.374%
Cautious Growth Fund*	0.384%	0.343%
Cash Fund*	0.298%	0.250%
Bond Fund	0.315%	0.215%
Global Equity Fund	0.340%	0.299%
Emerging Markets Fund	0.490%	0.330%
Real Return Fund	0.314%	0.215%

*The three funds together are used in the default automatic switching facility. However, they are also offered separately as self-select funds or part of other self-select automatic switching facilities.

The Department for Work and Pensions has, from April 2015, stated that the total charges for default funds within DC schemes used for automatic enrolment should be capped at 0.75%. The Trustees are pleased to confirm that the charges for all Investing plan funds are comfortably below this charge cap.

In this statement we are also required to show details of the transaction costs that have applied during the year. Transaction costs are incurred by members and are reflected in the unit-price of the underlying fund. They occur due to:

- Investment managers buying and selling securities (tradable financial assets) underlying the funds, as part of the day to day management of those funds; and
- Members requesting switches between funds, or those switches taking place during automatic switching;

The transaction costs shown below are provided by Fidelity and have been calculated on a methodology known as 'slippage cost'. This compares the price of the stocks being traded when a transaction was executed, with the price at which the transaction was requested. Market movements during any delay in transacting may be positive or negative and may also outweigh other explicit transaction costs. For this reason, overall transaction costs calculated on the slippage method can be negative as well as positive.

Fund	Transaction Costs to 31 March 2020
Moderate Growth Fund	0.05%
Cautious Growth Fund	0.04%
Cash Fund	0.00%
Bond Fund	0.01%
Global Equity Fund	0.02%
Emerging Markets Fund	-0.17%
Real Return Fund	0.07%

Default automatic switching facility – Variation of charges and transaction costs

The default automatic switching facility has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. In the Investing plan, the default arrangement members are invested in is a 100% allocation to the Moderate Growth Fund whilst they are at least 10 years from the target retirement age. As the member approaches retirement, assets are gradually moved to the Cautious Growth Fund, and then the Cash Fund

This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date, due to the weighting of the funds they are invested in. The annualised charges and transaction costs applicable as at 31 March 2020 (but noting that the charges and costs applicable throughout the scheme year for each fund are set out above) and the weighting of the funds are set out in the table below at various points in the default arrangement.

Years to target retirement date	**Weighting of Funds**	**TER**	**Transaction Costs**
10+ years	100% Moderate Growth	0.374%	0.050%
7 years	70% Moderate Growth 30% Cautious Growth	0.365%	0.047%
4 years	40% Moderate Growth 60% Cautious Growth	0.355%	0.044%
2 years	50% Cautious Growth 50% Cash Fund	0.297%	0.020%
At retirement	100% Cash Fund	0.250%	0.000%

Legacy AVCs

The data on charges and costs available as at 31 March 2020 from the legacy AVC providers at the time of production of this statement is shown below.

The Trustees have taken all possible steps to obtain the information but not all of the costs and charges information have been received. Where there are gaps in the data currently available the Trustees are continuing to request this information at regular intervals along with the reasons why information hasn't been produced so far. The Trustees will make available on the Fund's website the currently missing data as soon as it becomes available

Managers sometimes differ in their methodologies of calculating and presenting information on charges. Additionally, not all managers use consistent terminology when describing costs and charges.

In general, Annual Management Charge or 'AMC' refers to investment management and administration costs that are taken by the provider as they invest and administer the AVC policy. Some investment funds will have higher AMCs than others owing to their specialist nature or the complexity in managing them. For example, with-profit funds usually provide guarantees that require complex actuarial calculations and this necessarily entails costs that are not incurred by other types of fund.

Total Expenses Ratio or 'TER' generally includes the AMC but also includes additional expenses incurred by the provider such as legal fees, audit fees and marketing fees. While some managers have shown the AMC and TER separately, others have shown only the TER for some funds. In such cases, the Trustees have asked for further disclosure in the interests of transparency but note that the TER is the most important headline figure as it represents the total charges incurred by members other than those arising from buying and selling investments.

The term 'Aggregated transaction costs' refer to all of the costs associated with trading (buying and selling) investments. Charges and transaction costs on some funds, particularly with-profit funds and cash deposit funds, are not always calculated explicitly by providers but are instead incorporated into other calculations such as returns. In some cases, the figures disclosed by providers are therefore estimates or illustrative in nature. Additionally some with-profit providers emphasise that deductions set aside to cover the cost of guarantees depend on factors such as underlying investment performance and can therefore vary in individual years. The costs and charges can change over time in particular aggregated transaction costs are prone to vary in individual years depending on the amount of trading activity undertaken on a particular fund and market conditions during trading (see previous explanation of the 'slippage' methodology for calculating transaction costs).

Equitable Life

The Chair's statement is a report for the whole Fund year, and as such we include below details of funds and their charges with Equitable Life as at 31 December 2019 which is immediately before the transfer to Utmost Life and Pensions took place on 1 January 2020.

Fund	Annual Management Charge (p.a.) [1]	Aggregated Transaction Costs (p.a.) [3]
European	0.75%	0.21%
Far Eastern	0.75%	0.18%
Gilt and Fixed Interest	0.50%	0.11%
International	0.75%	0.13%
Investment Trusts	0.75%	0.58%
Managed Fund	0.75%	0.09%
Money	0.50%	0.01%
North American	0.75%	0.02%
Pelican	0.75%	0.29%
Property [2]	1.00%	0.15%
UK FTSE All share	0.50%	0.02%
With profits [4]	1.00%	1.04%

NOTES:
1. Equitable Life has advised that with the exception of the Property fund (see note 2) the total charges impact is calculated by adding the annual management charge and aggregated transaction costs.
2. In addition to the charges shown, property management expenses of 0.44% p.a. for the year ended 31 December 2019 were incurred.
3. The costs to date are not calculated on the full arrival price slippage methodology but instead use industry supplied expected spreads for each asset category.
4. Costs shown exclude 0.5% p.a. for the cost of guarantees. These costs were deducted to help ensure Equitable Life had sufficient funds to provide amounts that were guaranteed under the with profits arrangement.

Fund	Annual Management Charge (p.a.)	Aggregated Transaction Costs (p.a.)
Clerical Medical With profits[1]	0.50%	0.18%

NOTES:
1. This fund was managed by Equitable Life until 31 December 2019

UNILEVER UK PENSION FUND
DEFINED CONTRIBUTION ANNUAL STATEMENT (continued)

Utmost Life and Pensions

Fund	Annual Management Charge (p.a.) [1]	Aggregated Transaction Costs (p.a.) [3]
North American	0.75%	Not available
Asia Pacific	0.75%	Not available
European	0.75%	Not available
UK Government Bond	0.50%	Not available
Global Equity	0.75%	Not available
Investment Trusts	0.75%	Not available
Managed Fund	0.75%	Not available
Money	0.50%	Not available
UK Equity	0.75%	Not available
Property [2]	1.00%	Not available
UK FTSE All Share	0.50%	Not available
Secure Cash	0.50%	Not available

NOTES:
1. Utmost has advised that with the exception of the Property fund (see note 2) the total charges impact is calculated by adding the annual management charge and aggregated transaction costs.
2. In addition to the charges shown, property management expenses of 0.44% p.a. for the year ended 31 December 2019 were incurred.
3. Despite the Trustees having taken all possible steps to obtain the information, Utmost has been unable to provide the costs detail. The information will be published on the Fund website as soon as it is received.

Fund	Annual Management Charge (p.a.) [2]	Total Expense Ratio (p.a.)	Aggregated Transaction Costs (p.a.)
Clerical Medical With profits[1]	0.50%	0.5%	0.21%

NOTES:
1. This fund is managed by Utmost Life and Pensions from 1 January 2020
2. Charges are not explicit and are included in the declared bonus rates. The charges shown are indicative rates provided by Utmost.

Prudential

Fund	Annual Management Charge (p.a.)	Total Expense Ratio (p.a.)	Aggregated Transaction Costs (p.a.)
Discretionary	0.75%	0.78%	0.15%
With-Profits Cash Accumulation Fund [1]	n/a	1.00%	0.11%

NOTES:
1. The fund charge is allowed for in the bonus rates. The bonus rates also allow for charges taken to cover the cost of any guarantees. No disclosure on the cost of guarantees has been provided. A 1.00% TER was shown on the 2019 benefit statements as an indication of the total charge that applies.

UNILEVER UK PENSION FUND
DEFINED CONTRIBUTION ANNUAL STATEMENT (continued)

Standard Life

Fund	Annual Management Charge (p.a.)	Total Expense Ratio (p.a.) [1]	Aggregated Transaction Costs (p.a.)
SL Janus Henderson European Growth Pension Fund	1.25%	1.45%	0.16%
SL Fidelity Asia Pension Fund	1.50%	1.69%	0.08%
SL Merian UK Mid Cap Pension Fund	1.35%	1.35%	0.16%
SL SLI UK Smaller Companies Pension Fund	0.90%	0.99%	0.01%
Standard Life Annuity Targeting Pension Fund	0.50%	0.51%	0.10%
Standard Life Ethical Pension Fund	0.50%	0.51%	0.02%
Standard Life FTSE Tracker Pension Fund	0.50%	0.51%	0.06%
Standard Life Index Linked Bond Pension Fund	0.50%	0.51%	0.05%
Standard Life Managed Pension Fund	0.50%	0.52%	0.11%
Standard Life Mixed Bond Pension Fund	0.50%	0.51%	0.08%
Standard Life Overseas Equity Pension Fund	0.50%	0.51%	0.36%
Standard Life Property Pension Fund	0.50%	0.53%	0.19%
Standard Life UK Equity Pension Fund	0.50%	0.51%	0.07%
Standard Life UK Mixed Bond Pension Fund	0.50%	0.51%	0.08%
Pension Millennium With Profits Fund [2]	n/a	1.25%	0.08%
Pension With Profit Fund [2]	n/a	0.65%	0.10%
Pension 2 With Profits 2 Fund [2]	n/a	0.65%	0.08%

NOTES:
1. Annual Management Charges and Total Expense Ratios have been sourced from fund factsheets as at 31 March 2020 and as per last year a 0.5% scheme discount has been applied to the AMC.
2. These funds do not have explicit charges as these are wrapped up in the declared bonuses. These charges include an allowance for the cost of guarantees and are the deductions that Standard Life currently use for illustrative purposes.

Zurich

Fund	Annual Management Charge (p.a.)	Total Expense Ratio (p.a.)	Aggregated Transaction Costs (p.a.)
Aquila UK Equity Index ZP	0.59%	0.60%	0.00%
American 2 EP	0.90%	0.96%	0.19%
Asia 2 EP	0.86%	0.94%	0.35%
BNY Mellon Managed Global	0.90%	0.96%	0.05%
Equity Managed 2 EP	0.71%	0.88%	0.29%
European 2 EP	0.84%	0.94%	0.79%
Global Select 1 EP	1.00%	1.13%	0.27%
Global Select 2 EP	0.77%	0.90%	0.29%
Japan 2 EP	0.88%	0.94%	0.05%
Long Dated Gilt 2 EP	0.37%	0.51%	0.05%
Managed 1 EP	1.00%	1.18%	0.19%
Managed 2 EP	0.63%	0.82%	0.28%
Property 2 EP	0.30%	0.80%	0.21%
Secure 1 EP	1.00%	1.08%	0.01%
Secure 2 EP	0.27%	0.36%	0.02%
UK Equity 2 EP	0.65%	0.86%	0.16%
UK Preference and Fixed Interest 2 EP	0.34%	0.49%	0.07%
UK Opportunities 2 EP	0.75%	0.93%	0.21%
With-Profits EP	0.90%	0.90%	0.07%

Other

As noted above, for some legacy AVC funds the investment managers have advised that there are no explicit costs. Rather, costs are included in the calculation of returns and are not calculated separately. The funds in this category are as follows:

Manager	Fund	Manager disclosure
Prudential	Deposit Fund	There are no explicit charges applied to the Deposit Fund. Interest, once added, is guaranteed and withdrawals from this fund are not subject to any deductions
Santander	Cash deposit fund	Members in the Cash Deposit Fund are invested in cash and receive interest on a daily basis equivalent to 0.25% per annum. This is not like a typical unitised fund - there are no explicit annual management charges and no other maintenance charges on this account. As such, Santander does not provide any cost and charges information for this fund.

Impact of costs and charges - Illustrations

The Trustees must prepare an illustration showing the impact of the costs and charges typically paid by a member of the plan on their retirement savings outcomes. The illustrations below meet the statutory guidance provided by the Department of Work & Pensions.

As well as taking into account the fund charges deducted in relation to investment management and administration services (the Annual Management Charge, or ‘AMC’), the illustrations also allow for investment transaction costs.

All of the projected fund values shown are purely illustrative and are based on assumptions set out below regarding future rates of return and inflation that may not be borne out in practice. The illustrative fund values are expressed **in today’s terms** and do not need to be reduced further for the effect of future inflation. For example a projected fund value after 30 years of £32,800 means that the fund value at the end of that period would be an amount that has equivalent purchasing power to that of £32,800 today.
Illustrations have been prepared for the following funds in line with the guidance provided by the Department of Work and Pensions.

- Default investment strategy
- Highest Expected Returns (Emerging Markets Fund)
- Lowest Expected Returns (Cash Fund)
- Fund with the highest charges (Moderate Growth Fund)
- Fund with the lowest charges (Bond Fund)

In addition, we have included the Global Equity Fund as the most popular self-select fund. The Real Return Fund charges are the same as the charges for the Bond Fund, i.e. these are the funds with the lowest charges. We have chosen to prepare the illustrations for the Bond Fund due to it being selected by more members than the Real Return Fund.

The following example illustrations show the impact of charges for members who continue to contribute until they retire (examples A, B, C, D, and E) and for members who have ceased contributions; whether as an active member or due to being a deferred member (examples F and G).

In preparing the illustrations, the following assumptions have been made:

- Future inflation assumed to be 2.5% p.a.
- Contributions assumed to increase at 2.5% p.a. (where paid).
- The default investment strategy projected growth rates vary with age, given that the strategy’s asset allocation changes over the 10 years prior to age 65. The following are examples of average growth rates used;
  - Age 18 = 3.79% p.a. (before charges). Average TER is assumed to be 0.37% p.a. and transaction costs are assumed to average 0.01% p.a.

- Age 25 = 3.76% p.a. (before charges). Average TER is assumed to be 0.36% p.a. and transaction costs are assumed to average 0.01% p.a.
- Age 35 = 3.69% p.a. (before charges). Average TER is assumed to be 0.36% p.a. and transaction costs are assumed to average 0.01% p.a.
- Age 45 = 3.55% p.a. (before charges). Average TER is assumed to be 0.35% p.a. and transaction costs are assumed to average 0.01% p.a.
- Age 55 = 3.13% p.a. (before charges). Average TER is assumed to be 0.33% p.a. and transaction costs are assumed to average 0.01% p.a.

- Emerging Markets Fund average growth rate before charges is assumed to be 5.00% p.a. Average TER is assumed to be 0.33% and transaction costs are assumed to average 0% p.a.
- Cash Fund average growth rate before charges is assumed to be 2.00% p.a. Average TER is assumed to be 0.25% and transaction costs are assumed to average 0% p.a.
- Moderate Growth Fund average growth rate before charges is assumed to be 3.96% p.a. Average TER is assumed to be 0.37% and the transaction costs are assumed to average 0.02%.
- Bond Fund average growth rate before charges is assumed to be 2.10% p.a. Average TER is assumed to be 0.22% p.a. and transaction costs are assumed to average 0% p.a.
- Global Equity Fund average growth rate before charges is assumed to be 5.00% p.a. Average TER is assumed to be 0.30% p.a. and transaction costs are assumed to average 0% p.a.

While illustrations for a variety of accumulated fund values and contribution amounts are shown, in practice, the Investing plan's membership profile is such that the individual accumulated fund values and annual contribution inputs vary significantly between members, even for members at the same age. No one accumulated fund value or contribution amount is representative of the membership as a whole or representative of a particular age group. However, the annual percentage rates of investment return, Total Expenses Ratio and transaction costs do not depend on the amount of money held in an individual member's Retirement Account. Similarly, they do not depend on the annual amount of contributions that the member is paying. These percentage rates for any fund are the same for all members who invest in that fund, regardless of the amount of their savings.

Finally, it should be noted that in line with legal requirements, these illustrations are designed only to show the cumulative impact that investment charges and transaction costs can have on accumulated fund values at retirement age. **They are not intended to provide information or guidance to members on whether a particular fund is best suited to their requirements.** In selecting funds, members should have regard not only to charges and potential transaction costs but also to factors such as expected future returns and their capacity for and tolerance of risk.

Default Investment Strategy

				Total fund at retirement (£) in today's terms		
Example	**Period of investment to age 65 (years)**	**Assumed starting fund value (£)**	**Assumed annual contribution (£)**	excluding charges	with charges	deducted in charges
A (Age 18)	47	0	500	31,200	28,300	9.29%
B (Age 25)	40	0	800	40,200	37,000	7.96%
C (Age 35)	30	0	1,000	34,900	32,800	6.02%
D (Age 45)	20	20,000	2,500	78,700	74,900	4.83%
E (Age 55)	10	40,000	3,500	78,100	76,000	2.69%
F (Age 45)	20	20,000	0	24,700	22,900	7.29%
G (Age 55)	10	40,000	0	42,600	41,200	3.29%

UNILEVER UK PENSION FUND
DEFINED CONTRIBUTION ANNUAL STATEMENT (continued)

Emerging Markets Fund (highest expected return)

Example	Period of investment to age 65 (years)	Assumed fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 18)	47	0	500	44,300	40,400	8.80%
B (Age 25)	40	0	800	54,500	50,500	7.34%
C (Age 35)	30	0	1,000	44,400	41,900	5.63%
D (Age 45)	20	20,000	2,500	97,400	92,900	4.62%
E (Age 55)	10	40,000	3,500	90,900	88,500	2.64%
F (Age 45)	20	20,000	0	32,800	30,700	6.40%
G (Age 55)	10	40,000	0	51,200	49,500	3.32%

Cash Fund (lowest expected return)

Example	Period of investment to age 65 (years)	Assumed fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 18)	47	0	500	20,900	19,800	5.26%
B (Age 25)	40	0	800	29,000	27,600	4.83%
C (Age 35)	30	0	1,000	27,900	26,800	3.94%
D (Age 45)	20	20,000	2,500	65,700	63,600	3.20%
E (Age 55)	10	40,000	3,500	72,200	70,800	1.94%
F (Age 45)	20	20,000	0	18,100	17,200	4.97%
G (Age 55)	10	40,000	0	38,000	37,100	2.37%

Moderate Growth Fund (highest charges)

Example	Period of investment to age 65 (years)	Assumed fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 18)	47	0	500	33,800	30,500	9.76%
B (Age 25)	40	0	800	43,400	39,800	8.29%
C (Age 35)	30	0	1,000	37,600	35,300	6.12%
D (Age 45)	20	20,000	2,500	84,800	80,400	5.19%
E (Age 55)	10	40,000	3,500	84,000	81,400	3.10%
F (Age 45)	20	20,000	0	26,800	24,800	7.46%
G (Age 55)	10	40,000	0	46,300	44,500	3.89%

Bond Fund (lowest charges)

Example	Period of investment to age 65 (years)	Assumed fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms		
				excluding charges	with charges	deducted in charges
A (Age 18)	47	0	500	21,400	20,400	4.67%
B (Age 25)	40	0	800	29,600	28,300	4.39%
C (Age 35)	30	0	1,000	28,300	27,400	3.18%
D (Age 45)	20	20,000	2,500	66,500	64,700	2.71%
E (Age 55)	10	40,000	3,500	72,800	71,500	1.79%
F (Age 45)	20	20,000	0	18,500	17,700	4.32%
G (Age 55)	10	40,000	0	38,400	37,600	2.08%

Global Equity Fund (most popular self-select fund)

Example	Period of investment to age 65 (years)	Assumed fund value (£)	Assumed annual contribution (£)	Total fund at retirement (£) in today's terms: excluding charges	with charges	% deducted in charges
A (Age 18)	47	0	500	44,300	40,700	8.13%
B (Age 25)	40	0	800	54,500	50,800	6.79%
C (Age 35)	30	0	1,000	44,400	42,200	4.95%
D (Age 45)	20	20,000	2,500	97,400	93,300	4.21%
E (Age 55)	10	40,000	3,500	90,900	88,700	2.42%
F (Age 45)	20	20,000	0	32,800	30,900	5.79%
G (Age 55)	10	40,000	0	51,200	49,700	2.93%

Value for members assessment

The Trustees are required to assess annually the extent to which member borne charges and transaction costs represent good value for members. The Trustees receive input from an external consultant, Mercer, during this assessment. The Trustees note that value does not just mean achieving the lowest price. Any assessment of value must also consider the overall quality of service. Accordingly, the assessment for the 2019-20 Plan year considered the following:

- the level of charges borne by members against comparable market alternatives available to the Trustees; and
- the quality of the services received in return for these charges, including investment performance, the likelihood of a fund achieving its objectives in future and administration service quality.

The Mercer assessment of value for members advised that the Trustees can rate the Investing plan overall as good value in relation to member borne costs and charges using price and performance criteria. In doing so, Mercer benchmarked the Plans charges not only against other bundled arrangements such as master trusts but also against the charges that might arise were the Trustees to adopt an unbundled approach. Mercer also rated each of the funds in terms of its likelihood of achieving its objectives in future years.

Legacy AVCs

A smaller number of members (less than 600) of the UUKPF have DC funds remaining in the legacy AVC arrangements. These AVC funds provide a proportionately small top up to members' main benefits provided through the Final salary plan and for a few members of the Career average plan. The Trustees have similarly assessed value in relation to member borne deductions for these legacy AVC funds although note that this assessment is necessarily less comprehensive than the detailed assessment conducted in relation to the Investing plan. The reasons for that include:

Incomplete data on costs and charges

Although the Trustees have received data on charges from all providers, a number of them do not calculate or disclose explicit cost and charges information for certain funds, notably with-profit and cash deposit funds. Also, some of the caveats that accompany disclosures on costs and charges (for example, in relation to the 'cost of guarantees' in relation to with-profits) make it difficult for the Trustees to assess the reliability of those disclosures.

Lack of comparability with other legacy AVC arrangements

Few alternative providers of AVC arrangements would be willing to quote detailed terms to enable detailed price comparisons to be made.

Lack of data on quality of funds

As part of a value assessment, the Trustee would wish to assess the quality of the replacement funds from an investment perspective. However, few of the funds under AVC contracts are rated by investment consultants and commissioning a rating for such funds would likely be disproportionately expensive.
Notwithstanding these restrictions, the Trustees have made the following observations on value in relation to legacy AVCs:

- While the few cash deposit funds have no explicit charges, the interest awarded is net of charges and appears to offer reasonable value compared to other deposit funds. Also, these members have the option to move these funds to the funds in the Investing plan range if they would like to do so.

- With-profit funds are often not fully transparent in relation to costs and charges. This lack of transparency is evident from the disclosures obtained to date by the Trustees, with some providers stating that they don't calculate explicit charges but rather include them as part of the broader calculations on bonus rates. Also, some providers have mentioned additional charges in respect of the cost of guarantees but have not stated what those costs are. The Trustees will continue to press for additional clarity in relation to the costs and charges borne by these funds. All members of these funds have the option to move their funds to the funds in the Investing plan range if they would like to do so.

- Whilst the majority of Unit-linked funds (but not all) have significantly higher total charges than the funds in the Investing plan range, not all of the unit-linked investment funds are directly comparable with the funds in the Investing plan in terms of risk profile and performance expectations. However, the Trustees wrote to all members with unit-linked funds in 2018 to provide information on the funds they are in and those offered by the Investing plan, which the Trustees believe offer good value; giving members the option to move their funds into the Investing plan. A considerable number of members did take up this opportunity. Some members wished to remain invested in the particular legacy AVC fund that they had selected. However, the option for members to move their unit-linked funds into the Investing plan remains open.

Overall Mercer carried out a price assessment of the unit-linked legacy AVC arrangements and concluded that they do not provide good value for money due to the outdated charging structures that apply. As noted above, the option for members to move their funds into the Investing Plan remains open.

Overall Conclusion

On the basis of the assessment summarised above, with the exception of the legacy AVC funds (discussed above), overall the Trustees are satisfied that the charges and transaction costs borne by members in the Fund offer good value for members, further improved after lower member charges were agreed for the Investing plan, taking effect from 18 December 2019 . All members have access to good value funds that address the varying needs for growth, inflation protection, capital stability and liquidity.

The Trustees also considered other Investing plan features that members receive value from, but which are paid for by the Company – such as the plan communications, the at-retirement support, and the cost of maintaining a Trustee Board with in-house expertise and external advisers. The Trustees note that these demonstrate the broader elements of good value provided by the Investing plan.

Knowledge and understanding of the Trustees and external support

The Fund has continued to run a training programme to ensure that the Trustees meet the legally required Trustee Knowledge and Understanding ('TKU') standards to enable them to exercise their duties and functions as trustees of the Fund. Under the TKU requirements, each Trustee Director must:

- Be conversant with the trust deed and rules of the Fund, the Funds statement of investment principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Fund generally,

- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as Trustee Director, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The Trustees have measures in place to comply with the legal and regulatory requirements regarding conversance and knowledge and understanding. Training is provided throughout a Trustee's term of office and the Trustees annually review whether their approach to training serves their needs. The main features of this training programme and details of how the conversance and knowledge and understanding requirements have been met during the period covered by this statement are described below.

On appointment

A new Trustee is required to complete an induction programme which aims to provide the legally required knowledge of pensions, and conversance with Fund documents.

This induction programme takes about two days in total and consists of training from UUKP and Univest on the following aspects:

- An introduction to the UUKPF, its structure and key benefits;
- Overview of the role of a Trustee & Pension Funds;
- Pensions and trust law;
- Funding;
- Investment of assets and Investment strategy; and
- Risk management.

In addition, Trustees are enrolled onto an externally run introductory one or two-day course.
New Trustees complete the induction programme and are encouraged and supported to complete the TPR's online trustee toolkit within the first six months of appointment. The trustee toolkit is an online learning programme in which trustees complete a number of specific modules and assessments in order to be conversant with scheme specific documents and meet the level of knowledge and understanding required by law.
During the year, three new Trustee Directors were appointed. Two of the new Trustees have completed their induction programmes within the first six months of their appointment and one is in the process of doing so.

After one year

After 12 months in office, Trustees complete a self-assessment questionnaire to assess their knowledge and understanding of pensions law, investment principles and other areas of knowledge they are legally required to have as well as conversance with scheme documents. Individual plans to address training and development areas are put together at this time for each of the Trustees based on the identified gaps in knowledge. UUKP provide suggestions to individual Trustees as to how to address those gaps and ask for confirmation when the Trustees have carried out the suggested actions. Each Trustee is annually asked to re-consider their self-assessment and progress made to fill any gaps in order to identify any further development activities they individually should undertake in the coming year.

Ongoing training

To understand their role better and the specifics of the Fund, Trustees have access to all Fund documents, Trustee policies and key Fund information. Fund documents include the main documents such as the Trust Deed and Rules of the Fund and the Statement of Investment Principles. Trustees are legally required to have a working knowledge of these documents and to achieve this, the importance of these documents and their purpose are covered during the induction training. In order to identify any gaps in knowledge, the Trustees are asked to self-certify whether they have a working knowledge of these documents and should they have any concerns, UUKP will point the Trustees to the documents to read again or if needed go through the documents with them. As part of the annual training review, the Trustees are reminded to continue familiarising themselves with Fund documents including the Balance of Powers which sets out the key Trustees' powers under the Trust Deed and the Rules.

The Trustee policies cover a range of policies which set out the behaviours and requirements of UUKPF Trustees. These are updated as required and the Trustees carry out an annual review of the policies to ensure they remain appropriate.

The Trustees are regularly sent pensions bulletins to assist them in keeping up to date with current matters, including relevant information about changes to pensions law. Any changes to regulations, regulatory practice or the law impacting on the UUKPF or the Trustees will be highlighted at Trustee meetings. The Trustees are also from time to time advised of relevant external seminars and conferences which they can attend. When particular matters of strategic importance are being discussed at the Committee or Board, on the job training is provided ahead of any decisions.

The Board conducts at least one formal training day annually, facilitated by external advisors, UUKP or the Univest Company, as necessary. An annual Investment Training Day is also facilitated by Univest Company for the Board. Other training sessions are run as and when required.

The Trustees keep logs of training received during the year for each Trustee and the Board as a whole; and ongoing training during Board meetings. During the year, training sessions were held on the following subjects:

- ESG and sustainable investment
- Fund manager monitoring and research
- Setting DB Investment strategy
- GMP equalisation
- Actuarial valuation and integrated risk management
- De-risking investment framework
- Risk workshop
- Fraud awareness (Audit and Risk Committee only)
- IORP II (Audit and Risk Committee only)

The skills, experience and external support for the Board

The Board is strengthened by its diverse professional skills and experiences, along with support from external experts and advisers. This helps the Board with the various challenges that its governance must address and in properly carrying out all its duties as Trustee of the Fund.

The Board is supported by four Committees and the Trustees consider the balance of skills and experience when deciding on the membership of the Committees.

The DC Committee has been supported by an independent DC professional throughout the year and an independent investment professional also attends each Board meeting and the Investment and Funding Committee. Unilever's in-house pensions team provides the Board with considerable operational support, with at least one of its senior members attending each Committee and Board meeting. The Univest Company, the in-house investment professionals, provides support to the Board, the DC Committee and the Investment and Funding Committee.

Taking into account the knowledge and experience of the Trustee Directors with the specialist advice (both in writing and whilst attending meetings) received from the appointed professional advisors (e.g. investment consultants, legal advisors), the Trustees believe they are well placed to exercise their functions as Trustee Directors of the Fund properly and effectively.

To ensure that that the governance of the Board remains appropriate and the scheme continues to be properly run the Trustees appointed an external facilitator in 2018 to carry out a review of their effectiveness. The review concluded that the governance was strong. A small number of recommendations arose from this review which were considered and implemented where appropriate. The next review is scheduled for 2021.

Tony Ashford

Chairman, Unilever UK Pension Fund Trustees Limited.

21 September 2020

UNILEVER UK PENSION FUND
APPENDIX TO THE DEFINED CONTRIBUTION ANNUAL STATEMENT

DC Default Strategy Statement

1. Introduction

This statement is prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005. It describes the Trustees' investment principles and arrangements in respect of the default investment option under the DC Section of the Unilever UK Pension Fund ('the Investing plan').

2. Aims and objectives underlying the Default Investment Arrangement

The Trustees recognise that members of the Investing plan have differing investment needs and objectives, and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk. The Trustees believe that members should be encouraged to make their own investment decisions based on their individual circumstances. We therefore make available a range of investment options and automatic switching strategies, within the framework set out in the Fund rules, to enable members to tailor their investment strategy to their own needs.

The Trustees also recognise that members may not believe themselves qualified to make choices about investment options. The Fund rules provide for a default investment option and specifies the investment objective that comprises its key components. Consistent with the Fund objective the default investment option chosen by the Trustees aims to deliver real returns over members' working lifetimes, whilst mitigating risk through diversification through holding different equity and bond classes, property and cash. It also encompasses a switch into less risky asset classes in the years prior to age 65 with the ultimate objective that funds at retirement are invested in assets broadly appropriate for an individual withdrawing the funds as cash. There are three component funds in the default strategy: Moderate Growth Fund, Cautious Growth Fund and Cash Fund, and their objectives are below:

Fund	Investment Objectives	Policy in relation to investments
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 absolute return could be experienced over the same period than the cautious growth fund)	A pooled fund made available to the Trustee by Fidelity for the purposes of the UUKPF, where unit prices are calculated by reference to a mix of some or all of equities, property, government bonds, corporate bonds, other diversified assets, cash/money market funds, and any other assets with similar investment characteristics as decided from time to time by the Trustee having taken the advice of its investment adviser, with an asset allocation selected to be consistent with the investment objective in the second column.
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 absolute return could be experienced over the same period than the cash fund)	A pooled fund made available to the Trustee by Fidelity for the purposes of the UUKPF, where unit prices are calculated by reference to a mix of some or all of equities, property, government bonds, corporate bonds, other diversified assets, cash/money market funds and any other assets with similar investment characteristics as decided from time to time by the Trustee having taken the advice of its investment adviser, with an asset allocation selected to be consistent with the investment objective.

Fund	Investment Objectives	Policy in relation to investments
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	A pooled fund made available to the Trustee by Fidelity for the purposes of the UUKPF, where unit prices are calculated by reference to a mix of some or all of cash deposits, money market funds and any other assets with similar investment characteristics as decided from time to time by the Trustee having taken the advice of its investment adviser, with an asset allocation selected to be consistent with the investment objective

In light of the above, the Trustees have adopted the following objectives in relation to the default arrangement:

- To generate a good level of real return over members' working lifetimes, whilst mitigating risk through diversification.

  The default arrangement's growth phase structure invests in the Moderate Growth Fund. This Fund holds a diversified range of assets that is expected to provide long term returns similar to those of equities, but with less volatility.

- To provide a strategy that reduces investment risk for members as they approach retirement.

  As a member's account grows, investment risk will have a greater impact on retirement outcomes. Therefore, the Trustee believes that a default arrangement that seeks to reduce investment risk as the member approaches retirement is appropriate. This is achieved via automatic switching over a 10 year switching period before retirement. Initially funds are switched from the Moderate Growth Fund to the Cautious Growth Fund. This gives members' accounts the opportunity to still grow at a reasonable rate and stay 'diversified' – that is, spread across a range of investments. During the last 4 years before retirement age, funds are switched into the Cash Fund.

- To invest members' accounts at retirement in assets that are broadly appropriate for an individual planning to withdraw funds at retirement as cash.

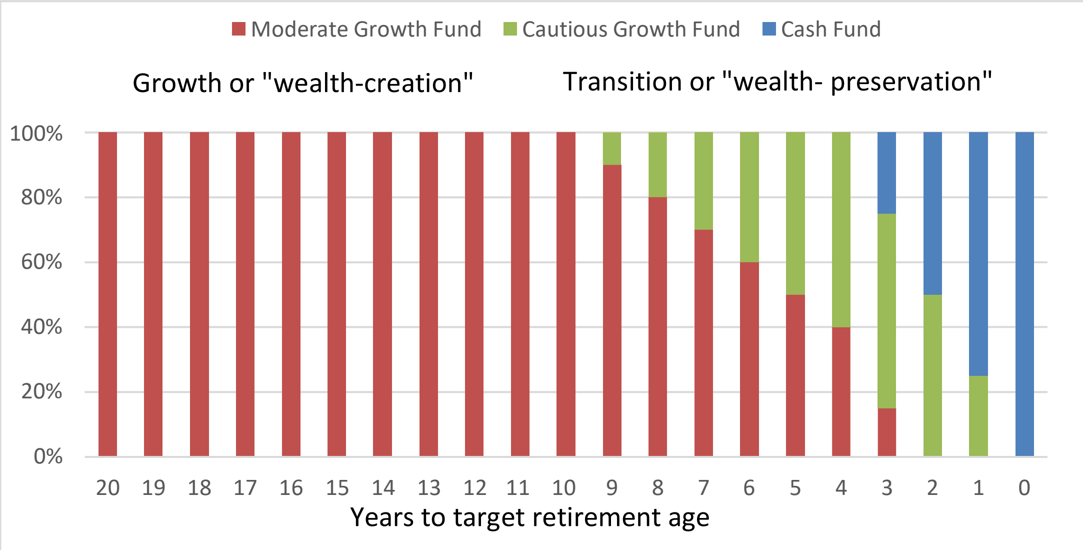
  At age 65, 100% of the member's assets will be invested in the Cash Fund reflecting the fact that most members will have acquired significant DB rights (relative to their DC benefits) and will therefore wish to use their account to provide cash rather than additional income.

- To achieve a market return, subject to fees, broadly equivalent to the composite benchmark (for each Default Fund) which is comprised of the indices of each of the underlying sub funds as outlined in section 8.

The Trustees monitor market performance on a quarterly basis.

3. Investments

Members within the default arrangement are invested in a 100% allocation to the Moderate Growth Fund whilst they are at least 10 years from the target retirement age. As the member approaches retirement, assets are gradually moved to the Cautious Growth Fund, and then the Cash Fund as shown in the switching matrix below.



4. Measurement and management of risk

Risk is not considered in isolation, but in conjunction with expected investment returns and retirement outcomes for members. In designing the default arrangement, the Trustees have explicitly considered the trade-off between risk and expected returns. The specific risks of which the Trustees take account include, but are not limited to:

Risk of underperformance: a fund offered by the Trustees may not meet the relevant investment objective with regard to performance. This risk is considered by the Trustees and their investment adviser within the ongoing review of the performance of the funds.

Risk of fraud, poor advice or acts of negligence: the Trustees seek to minimise this risk by ensuring that their 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.

Risk of the default investment option being unsuitable for the requirements of some members: this risk is addressed by giving members a range of options, one of which is the default investment option. Members are provided with a diversified, but limited, range of options which they can choose bearing in mind their attitudes to risk, expectations of returns and intentions with regard to retirement. The Trustees assist members to make suitable choices that may better fit their personal circumstances through communications, including the web portal. Also members in any of the Investing plan's automatic switching arrangements, including the default investment arrangement, are contacted before switching starts.

5. Responsible Investment and Corporate Governance

The Trustees are signatories to the Principles for Responsible Investment (PRI) through the Unilever Pension Funds umbrella agreement. The Trustees believe 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 Trustees currently do not take into account any factors we consider to be non-financial. However, this is reviewed on a periodic basis.

It is the Trustees' 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 environmental, social and governance (ESG) considerations.

Of the environmental factors the Trustees take into account, we believe that climate change presents the greatest risk to the long-term value and security of the Fund's assets. The Trustees believe that these environmental factors 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:

The assets are invested in pooled funds but the Trustees require all equity managers to have an ESG policy in place and to be signatories to the UN PRI as a minimum. The Trustees have given the appointed investment managers full discretion in evaluating ESG factors, including climate change considerations. Fixed income managers must also take ESG risk factors into account when appropriate. Corporate governance activities have been delegated to the Fund's investment managers or specialist ESG engagement organisations, with the understanding that they will exercise voting rights in the best long term financial interests of the assets that they manage. The Trustees may, from time to time, ask the Fund's managers or specialist ESG engagement organisations to explain their corporate governance policy and practices, and review voting activities.

The Trustees have developed an ESG Multi factor Equity fund with an external manager, which is aligned with the Trustee's Sustainability policy. Due to the importance of ESG, this has been included within the default investment option. As at 31 March 2020, the ESG Multi factor Equity fund is 50% of the overall Global Developed Equity holdings. This will be increased to 100% by the end of 2020.

6. Other policies in relation to the default investment arrangement

The Trustees believe that both actively and passively managed funds have a role to play. Active managed funds are utilised to the extent that the we either have a high level of confidence in the respective investment managers achieving their performance objectives, or we believe risk is better controlled, net of active investment management fees, within that asset class. For this reason the holdings in the Moderate and Cautious Growth Funds are managed using active and passive management.

Assets in the default arrangement are invested in daily traded pooled funds which hold highly liquid assets. This provides members with greater diversification and transparency of value than if the Trustees invested directly in securities. It also simplifies the Investing Plan's administration. The selection, retention and realisation of assets within the pooled funds are delegated to the investment manager in line with the mandates of the funds.

All of the pooled funds used are dealt daily.

The strategic asset allocation of each of the three funds that comprise the default investment arrangement is shown below in section 8.

7. Suitability of the default investment arrangement

The Trustees believe that the above aims, objectives and policies ensure that the default investment arrangement is designed in members' interests. Their reasons are as follows:

- Most members who retire withdraw their account as tax free cash, reflecting the fact that the Investing plan's DC benefits are supplementary to members' DB pension rights and their requirement for a secure income in retirement will be addressed by that component of their Fund benefits.
- Modelling of future outcomes suggests that members will be able to withdraw a significant proportion of their account as tax free cash over the long-term.

- Despite this, members will likely wish to achieve real investment returns for most of their period as pension savers. The use of the Moderate Growth Fund and Cautious Growth Funds address that requirement.

Note that members who intend withdrawing their retirement benefits in other ways, including annuity purchase or income drawdown, have the option of adopting an alternative lifestyle strategy prior to retirement or choosing their own investment strategy.

The Trustees are aware that the pension freedoms effective from April 2015 might result in significant changes to how members choose to withdraw benefits at retirement. We therefore monitor members' decisions and other data items at least annually as part of an ongoing programme for ensuring that the default investment arrangement remains suited to member needs. We also review the investment choices available to members to ensure that those who regard the default arrangement as unsuited to their needs have suitable alternative investment funds to select from.

8. Default Strategy Funds: Manager Structure and Allocations

Moderate Growth		
Public Equities	**64.0%**	
Global Equity (50% global equity (market cap)/50% developed market multi-factor ESG)		*60.0%*
Emerging Market Equity (Passive Aquila Connect)		*4.0%*
Real Assets	**10.0%**	
Listed Property (Passive Global Property Securities)		*10.0%*
Fixed Income	**26.0%**	
Multi-Asset Credit (evenly split across two mandates)		*26.0%*
Total	**100%**	
Cautious Growth		
Public Equities	**30.0%**	
Global Equity (50% global equity (market cap)/50% developed market multi-factor ESG)		*30.0%*
Real Assets	**7.5%**	
Listed Property (Passive Global Property Securities)		*7.5%*
Fixed Income	**50.0%**	
Multi-Asset Credit (evenly split across two mandates)		*25.0%*
Fixed Interest Gilts (Passive Over 15 Year Gilt Aquila Connect)		*12.5%*
Index Linked Gilts (Passive Over 5 Year Index Linked Gilt Aquila)		*12.5%*
Cash	**12.5%**	
Cash (Active Cash fund)		*12.5%*
Total	**100%**	
Cash		
Cash (Active Cash fund)	**100%**	

UNILEVER UK PENSION FUND
STATEMENT OF TRUSTEES' RESPONSIBILITIES

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including the Financial Reporting Standard FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- 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 the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and

- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustees are also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustees also have 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 Trustees are responsible under pensions legislation for preparing, maintaining and from time to time revising a Schedule of Contributions showing the rates of contributions payable towards the Fund by or on behalf of the Principal Employers and the active members of the Fund and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustees are also responsible for the maintenance and integrity of the financial information of the Fund included on the Fund's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

UNILEVER UK PENSION FUND
INVESTMENT REPORT

This Investment Report sets out details of the Defined Benefit investment strategy and its implementation, including any changes during the year (see section 1). It also includes the investment returns achieved by the Fund during the year compared to the appropriate benchmarks and a summary of the investment managers in place for each asset class.

This Report also provides an overview of the Investing plan (see section 2). Fidelity, the investment provider for the Investing plan, can provide members with performance details of their underlying investments on request.

Market background

It has been a turbulent 12 months for investment markets, with returns generally positive over 2019, followed by significant volatility during the first quarter of 2020, as the impact of the coronavirus started to weigh on the global economy. Global Equity markets generally finished in the negative over the 12 month period, the return on the MSCI AC World was circa.-8.6% over the period (in GBP terms). UK bond markets in general delivered positive returns as bond yields fell over the year to 31 March 2020. The FTSE Gilts All Stocks index returned circa. 9.9%, while long dated issues as measured by the corresponding Over 15 Year Index had a return of circa. 17.6% over the year. UK property investors benefited marginally over the 12 month period, although the impact of the coronavirus dented UK property markets, with the corresponding IPD UK All Property Index returning circa. 0.1% in Sterling terms(1). The ongoing uncertainty impacted real GDP growth during Q1 2020, resulting in a fall of 1.8% over the year to 31 March 2020 (+ 2.0% for year to March 2019).

Statistics sourced from MSCI, The Office for National Statistics ("ONS") and FTSE Russell.

(1) MSCI performance from the Standing Investment Index subset. Performance is based on completed and lettable properties only, often described as operating properties.

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 remains supportive of the UK Stewardship Code and, through Hermes Equity Ownership Services, seeks to apply its principles. Information on the Fund's Sustainability policy, as well as voting and engagement information can be found on the Fund's website within the Statement of Investment Principles (www.uukpf.co.uk).

Investment Strategy

The Fund has an investment strategy that ultimately aims for self-sufficiency, referred to as the Low Employer Dependency ("LED") basis (that is, where it is not dependent on the Company for potential deficit contributions). As progress is made towards achieving self-sufficiency the level of risk is reduced as the funding level improves. The Fund's current strategy is to target a return of gilts plus 2.8% a year while taking an appropriate level of risk. This 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. The Trustees' aim is to reach its self-sufficiency target by 2029 and will aim to manage their investment journey plan with this target in mind. During the year, the review of investment strategy carried out as part of the 31 March 2019 actuarial valuation was completed. Details of these changes to the asset allocation are set out in the table below, but the main changes were to reduce the allocation to the growth category and increase the allocation to the income and matching categories, in order to reduce the level of investment risk and increase the level of liability hedging. The transition was in progress at 31 March 2020.

Details of the investment 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 latest SIP was approved by the Trustee Board on 11 February 2020. The SIP was updated to take into the investment strategy changes following the formal triannual investment strategy review. 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 and from the Fund's website.

Responsible Investment and Corporate Governance

The Trustees are signatories to the UN Principles for Responsible Investment through the Unilever Pension Funds umbrella agreement. The Trustees believe 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 Trustees currently do not take into account any factors they consider to be non-financial. However, this is reviewed on a periodic basis. The Trustees have a Taskforce on Climate-Related Financial Disclosures Statement on page 40.

The Trustees believe that environmental factors 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. In particular, the Trustees believe that climate change presents the greatest risk to the long-term value and security of the Fund's assets.

It is the Trustees' 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 Trustees have 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 Trustees helped develop called the Manager Evaluation Framework.
- Tier 2 – Includes investing in the funds which have a sustainability bias or tilt. This can be via a generic sustainability focussed fund or tailored to the Trustees' requirements.
- 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 pension/investment organisation has set up on behalf of Unilever Global pension funds.

Stewardship activities: The majority of the corporate governance activities have been delegated to an external stewardship provider, with the remainder being 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. Through the external provider, 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.

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, whenever practicable the external provider will communicate with the company to explain the decision and what could be changed in the 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. The provider may also engage with governments and public policy makers to promote long-term sustainable practices and strategies to optimise risk-adjusted returns, on the Trustees behalf.

Divestment: The Trustees believe that change is better influenced through ownership and engagement, however it believes that divestment is appropriate in certain circumstances.

The Trustees have adopted a Divestment Policy which applies to companies directly involved in the manufacturing of cluster munitions or anti-personnel mines and companies for which the majority of revenues come from coal mining or coal power generation.

The Trustees are able to implement its divestment list with all the DB Scheme's direct segregated listed equity and fixed income managers.

For the DC Section of the Fund, the Trustees have developed a sustainability focussed Multi Factor Equity Fund which is aligned with the Trustees Sustainability policy.

Collaboration: The Trustees recognize that sustainable investing practises are a developing area, so it welcomes close collaboration with peers and industry organisations to support progress.

The Trustee is, for instance, a member or contributor to a number of collaborative initiatives. The Trustee has a Sustainability Policy which sets out further details including further information on the implementation of the policy.

UNILEVER UK PENSION FUND
INVESTMENT REPORT (continued)

Asset Allocation

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

The actual asset allocation below shows the market value of the assets in pooled investment vehicles included within the relevant category. The Fund's actual exposure to different types of assets is also different to the accounting classifications due to the Fund's use of derivatives.

The Fund's strategic asset allocation ("Target") at 31 March 2020, together with the comparative position at 31 March 2019, is set out below:

		31-Mar-20 (%)			**31-Mar-19 (%)**
	Equities	31.9		Equities	33.6
	Private Equity	3.5		Private Equity	3.5
Growth Assets	Property	5.8	**Growth Assets**	Property	5.8
	Hedge Fund	2.8		Hedge Fund	5.8
	Sustainable Assets	2.5		Sustainable Assets	2.5
	Total Growth	**46.5**		**Total Growth**	**51.2**
	Corporate Bonds	8.8		Corporate Bonds	8.8
	HLV Property	4.2		HLV Property	2.5
Income Assets	Diversified Income	8.5	**Income Assets**	Diversified Income	8.5
	High Yield Debt	2.8		High Yield Debt	4.5
	Emerging Markets Debt	4.5		Emerging Markets Debt	4.5
	Total Income	**28.8**		**Total Income**	**28.8**
Matching Assets	LDI, Hedges, Govt Bonds	24.7	**Matching Assets**	LDI, Hedges, Govt Bonds	20.0
	Total Matching	**24.7**		**Total Matching**	**20.0**
	Total	**100.0**		**Total**	**100.0**

The Fund's investments (excluding DC and AVC investments) within each category were as follows:

			31-Mar-20 £ million	31-Mar-20 (%) actual	31-Mar-20 (%) target				31-Mar-19 £ million	31-Mar-19 (%) actual	31-Mar-19 (%) target
Growth Assets		Equities[1]	2,900.6	30.7	31.9	**Growth Assets**		Equities[1]	3,426.8	35.0	33.6
		Private Equity[2]	259.8	2.8	3.5			Private Equity[2]	295.8	3.0	3.5
		Property[1]	549.9	5.8	5.8			Property[1]	570.5	5.9	5.8
		Hedge Fund[2]	604.4	6.4	2.8			Hedge Fund[2]	590.7	6.0	5.8
		Sustainable Assets[3]	35.7	0.4	2.5			Sustainable Assets	4.7	0.1	2.5
		Total Growth	**4,350.4**	**46.1**	**46.5**			**Total Growth**	**4,888.5**	**50.0**	**51.2**
Income Assets	**Low Risk**	Corporate Bonds[1]	910.3	9.6	8.8	**Income Assets**	**Low Risk**	Corporate Bonds[1]	920.5	9.4	8.8
	Medium Risk	HLV Property[2]	212.4	2.2	4.2		**Medium Risk**	HLV Property[2]	202.1	2.1	2.5
		Diversified Income	727.3	7.7	8.5			Diversified Income	795.7	8.1	8.5
	High Risk	High Yield Debt[2]	497.4	5.3	2.8		**High Risk**	High Yield Debt[2]	501.3	5.1	4.5
		Emerging Markets Debt[2]	441.3	4.7	4.5			Emerging Markets Debt[2]	457.5	4.7	4.5
		Total Income	**2,788.7**	**29.5**	**28.8**			**Total Income**	**2,877.1**	**29.4**	**28.8**
Matching Assets		LDI, Hedges, Govt Bonds	2,396.0	25.4	24.7	**Matching Assets**		LDI, Hedges, Govt Bonds	1,935.8	19.8	20.0
		Total Matching						**Total Matching**			
		Total ex other	**9,535.1**	**101.0**	**-**			**Total ex other**	**9,701.4**	**99.2**	**-**
Other		**Total Other**	**-94.6**	**-1.0**	**-**	**Other**		**Total Other**	**79.0**	**0.8**	**-**
		Total	**9,440.5**	**100**	**100**			**Total**	**9,780.4**	**100**	**100**

Notes:
1. These categories include segregated manager holdings, pooled assets and may also include derivative exposure.
2. These categories consist of pooled investment vehicles.
3. The Sustainable assets allocation is currently in the implementation phase due to the nature of the specific investment; the allocation will therefore increase over time. Sustainability considerations are monitored for all assets.

At as 31 March 2020, the Fund's investments were transitioning to the new investment strategy.

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 an indication of changes in the funding level. The funding level is separately reported to members annually.

	Asset return %	Change in liabilities %	Asset Return less change in liabilities %
Year ended 31 March 2020	-0.8	7.2	-8.0
3 Years (Annualised)	3.9	5.7	-1.8

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 for each major asset class and the Fund as a whole compared against the benchmark for the one, three and five year periods to 31 March 2020 are as follows:

Year ended 31 March 2020	Actual return p.a. %	Benchmark return p.a. %	Difference to benchmark p.a. %
Equity	-8.5	-6.7	-1.8
Bonds*	1.7	1.9	-0.2
Property**	2.3	5.6	-3.3
Hedge Funds	2.3	1.4	0.9
Total (ex LDI)	**-3.0**	**-0.8**	**-2.2**
Total (inc LDI)	**-0.8**	**1.1**	**-1.9**

* Excludes High Yield Debt, Emerging Market Debt and LDI
**Includes HLV property - The benchmark for property changed to RPI+3% on 31 December 2013.

Three years ended 31 March 2020	Actual return p.a. %	Benchmark return p.a. %	Difference to benchmark p.a. %
Equity	1.5	1.8	-0.3
Bonds*	2.4	2.3	0.1
Property**	6.2	5.8	0.4
Hedge Funds	0.2	1.1	-0.9
Total (ex LDI)	**2.5**	**3.3**	**-0.8**
Total (inc LDI)	**3.9**	**4.4**	**-0.5**

* Excludes High Yield Debt, Emerging Market Debt and LDI
**Includes HLV property - The benchmark for property changed to RPI+3% on 31 December 2013.

Five years ended 31 March 2020	Actual return p.a. %	Benchmark return p.a. %	Difference to benchmark p.a. %
Equity	6.4	6.6	-0.2
Bonds*	3.3	3.7	-0.4
Property**	6.5	5.2	1.3
Hedge Funds	3.1	3.9	-0.8
Total (ex LDI)	4.2	4.7	-0.5
Total (inc LDI)	6.4	7.2	-0.8

* Excludes High Yield Debt, Emerging Market Debt and LDI
**Includes HLV property - The benchmark for property changed to RPI+3% on 31 December 2013.

The Investment & Funding Committee ("IFC") reviews each asset class, and assesses the performance of each class and underlying managers relative to the specific benchmarks allocated to them, as well as assessing the ongoing suitability of the asset class in general and considering whether it is expected to continue to perform its required role in the context of the overall investment strategy for the Fund. In a diversified investment strategy, it is expected that some asset classes will underperform over some periods, and past performance is one of many factors considered in asset class reviews when assessing an asset's suitability looking forward. 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. Performance in both absolute terms and relative to benchmark has been impacted significantly during the first quarter of 2020 by the impact of the global pandemic. However, markets have recovered significantly, and therefore since 31 March we have seen a significant recovery in absolute terms and improvement in the performance relative to benchmark.

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 vehicle is to optimise the investments of Unilever pension funds worldwide, taking advantage of economies of scale, diversification and expertise.

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

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.

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

The Univest Company

The Univest Company B.V. (Univest Company) provides 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

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.

Liability Driven Investment ("LDI")

The Trustees commenced the LDI mandate in 2010, with the aim of using a range of derivatives to hedge the Fund's liabilities against interest rate and inflation risk. As part of the wider de-risking programme where investment risk is reduced on achieving specific improvements in the funding level, a de-risking framework is in place that increases the interest rate and inflation hedge ratios as the funding level improves.

As part of the changes following the latest investment strategy review, it was agreed the Fund's inflation and interest rate hedge ratios would be increased from 55% to 70%. The increase in the hedge ratio is being implemented during the first half of 2020 and is being phased as market opportunities present themselves to the LDI manager, who is trying to increase the hedging in a cost effective manner. Despite the difficult market environment caused by the coronavirus epidemic, the Fund's LDI manager managed to complete the hedge extension over a number of tranches between 13 March 2020 and 6 May 2020, completing the hedge extension on 6 May 2020. The target hedge ratio across interest rates and inflation is now 70%. Effective cost management was achieved by the manager through tranching and trading opportunistically (crossing with internal flows).

To manage counterparty risk, all derivatives used are collateralised on a daily basis. Collateral arrangements are managed by BlackRock who is also the LDI manager. The only permitted collateral is cash and government bonds.

The Fund continues to monitor developments with central clearing and any future impact that this may have on cash collateral. This is also considered alongside the de-risking of the Fund whereby different solutions for cash collateral will be agreed with the LDI manager.

Marketability of investments

At the end of the year over £6.3 billion of investments were quoted on recognised stock exchanges (directly or through pooled vehicles) and were considered to be marketable on a short-term basis. Investments in hedge funds and property can usually be realised within 12 months under normal market conditions. It will usually take at least 12 months to dispose of 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 Trustee 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

Information on the governance and strategy for the Investing plan is provided within the Defined Contribution Annual Statement starting on page 11. The information below is in respect of the investment strategy of the Investing plan, and how that strategy is implemented.

The purpose of the implementation approach of the Growth funds, Bond fund and Cash fund is to give broad exposure in an efficient manner to the global markets in equities, bonds, currency and property. The equities follow an index tracking passive approach, whilst bonds, with the exception of UK Gilts, are actively managed. The property investments are held in investment trusts which passively follow an index and cash is actively managed. Given the extent to which the Trustees use index tracking strategies, they do not expect outperformance net of fees against the benchmark. Active managed funds are utilised to the extent that the Trustees either have a high level of confidence in the respective investment managers achieving their performance objectives, or believe risk can be better controlled, net of investment management fees, by utilising active management.

Distribution of Assets

The distribution of the Investing plan assets and the total numbers of members investing in each fund at 31 March 2020 are detailed in the table below:

Fund name	Fund value at 31 Mar 2020 (£000)	% of total assets at Fidelity	Number of members
Moderate Growth Fund	118,813	82.3	6,963
Cautious Growth Fund	10,546	7.3	1,043
Global Equity Fund	4,820	3.3	278
Cash Fund	7,271	5.0	303
Emerging Markets Fund	1,593	1.1	133
Bond Fund	1,038	0.7	72
Real Return Fund	356	0.3	59
Total	144,437	100.0	8,851

The total number of members reported above will not equal the number of members with DC accounts in the membership statistics on page 72, as people may invest in more than one fund. The Moderate Growth Fund continues to be the largest fund with 82.3% of all Investing plan member-designated assets being invested here. This fund is a key element in the default strategy.

UNILEVER UK PENSION FUND
INVESTMENT REPORT (continued)

The investment returns of the various managed funds for the year and the three years ended 31 March 2020 are as follows (these figures are net of all investment and member administration costs):

	1 Year return			3 Years[1]		
Fund name	Actual return %	Benchmark return %	Difference to benchmark %	Actual return p.a.%	Benchmark return p.a.%	Difference to benchmark p.a. %
Cash Fund	0.6	0.6	-	0.4	0.4	-
Bond Fund	4.8	5.9	-1.1	3.5	3.9	-0.4
Cautious Growth Fund	-3.0	-0.2	-2.8	1.3	2.6	-1.3
Moderate Growth Fund	-10.8	-8.1	-2.7	-0.9	0.6	-1.5
Real Return Fund	-7.5	-8.0	0.5	0.5	0.4	0.1
Global Equity Fund	-10.0	-10.4	0.4	0.1	0.5	-0.4
Emerging Markets Fund	-12.1	-13.9	1.8	-2.4	-2.4	-

Notes:
1. 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).

The Fund return is net of investment management fees and member administration costs whilst the benchmark return does not allow for these costs, which is one of the key reasons for differences between the Fund and the benchmark returns, where the underlying investment funds are managed on an index tracking basis. There will be periods where some Funds do not track their index benchmarks exactly and hence there can be small tracking error.

UNILEVER UK PENSION FUND
TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES STATEMENT

Introduction

The Trustees believe that climate change presents a risk to the long-term value and security of the assets of the Fund. They therefore support the Taskforce on Climate-related Financial Disclosure ("TCFD") recommendations on the basis that better disclosure by companies will help the Trustees to better understand the exposure of the Fund's investments to climate-related risks and opportunities.

The Trustees implement their investment strategy using external investment managers and an external stewardship provider. They believe therefore that one of the most important things they can do to support the TCFD is to ensure that these third parties promote the TCFD's recommendations in their dealings with the companies in which the Fund invests.

This is the second year that the Trustees have included a TCFD Statement in their Financial Statements.

Please note that throughout this document the term "sustainability" is used to encompass all Environmental, Social and Governance (ESG) issues and factors.

Background

The TCFD was established by the Financial Stability Board in December 2015 to review how the financial sector can take account of climate related risks. In June 2017, the Task Force published its recommended framework for financial disclosures by companies and investors to promote understanding of the climate-related risks they are exposed to.

The framework recommends disclosures in the following four areas:

- **Governance**
  The organisation's governance around climate-related risks and opportunities.
- **Strategy**
  The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- **Risk management**
  The processes used by the organisation to identify, assess, and manage climate-related risks
- **Metrics and targets**
  The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Governance

The Trustees are ultimately responsible for the oversight of all risks. They have delegated responsibility for managing all investment risks and opportunities, including those related to climate, to the Investment & Funding Committee ("IFC"). The IFC is responsible for regular review of the Trustees' Sustainability Policy and Statement of Investment Principles, both of which refer to climate change.

The Trustees' Audit and Risk Committee ("ARC") reviews and reports on the effectiveness of the Fund's policies and procedures relating to risk management and recommends any material changes to the Trustee Board for agreement. The ARC monitors the diligence of other committees (including the IFC), management and other key contributors in meeting their risk management responsibilities. The ARC meets at least quarterly and reviews the Fund's Risk Register annually on behalf of the Trustee Board. The Risk Register details risks relating to sustainability, including climate change.

Both Committees provide detailed quarterly reporting on their delegations to the Trustees at every Trustee Board meeting. The Trustee Board meets at least quarterly.

The Trustees are also supported by the in-house executive teams. These include The Univest Company (Unilever's internal investment team) and Unilever UK Pensions Department. The Chief Investment Officer (CIO) and Head of Trustee Services work collaboratively to provide oversight across the whole of the pension fund to ensure that the right strategic focus is being given to the various risks and opportunities, including those relating to climate change.

In order to ensure that the Trustees' sustainability agenda advances, the IFC has set up a Sustainability Working Group (SWG) which includes a trustee director, an independent IFC member, the CIO, the Head of Trustee Services and is supported by two members of Univest Company's Sustainable Investment Group, including Univest Company's Global CIO. This Group has no decision-making powers but provides input and advice to steer the sustainability activities of the Defined Benefit (DB) and Defined Contribution (DC) sections of UUKPF.

The SWG has also overseen a project to document the sustainability activities already taking place within the different portfolios for both DB and DC; is overseeing work to gather detailed climate risk data for both DB and DC sections of the Fund and will help to steer the Trustees' approach to sustainability policy and reporting.

Strategy

The Trustees believe that climate change will have significant and wide-ranging implications for the global economy and therefore presents a significant risk to the long-term value and security of the pension Fund's assets. The Trustees also believe that failure to consider sustainability factors, including climate change, could lead to underperformance or financial loss in the short as well as the longer term.

These risks to the Trustees' investments stem from the physical impacts of climate change, but also from the transition to a low-carbon economy where regulations and policies may change. Increased competition from alternative sources of energy may also affect the entire business / structure of companies in which the pension Fund invests.

The Trustees believe that while these factors are sources of risks to be mitigated where possible, they may also create opportunities and so has put in place a model for incorporating sustainability into the Fund's investment strategy for the DB section at three distinct levels:

- Tier 1 – Includes ensuring that the investment managers are evaluated to assess and ensure that sustainability considerations are being taken into account. Tier 1 is implemented using a tool that the Trustee helped develop called the Manager Evaluation Framework (MEF).

- Tier 2 – Includes investing in funds which have a sustainability bias or tilt. This can be via a generic sustainability fund or tailored to the Trustees' requirements.

- 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's Global pension funds.

In line with Tier 3, the Trustees have therefore allocated a portion of the DB Fund's assets (a 2.5% commitment) to specifically targeting opportunities created by sustainability risk factors including climate change. Examples of these opportunities include companies involved in the generation of renewable energy, and the manufacture of zero-emission electric commuter buses.

The DB section of the Fund also has a specific "Global ESG" allocation (5.2% of total DB assets) which contains mandates which are specifically "tilted" towards ESG factors, including climate change, with the aim of ensuring that these risks are managed and opportunities captured. This aligns with the second tier, set out above. For the DC section of the Fund the Trustees have also worked with an external provider to launch a sustainability tilted Equity fund for the DC section of the Fund. During 2019, this new tilted fund was implemented across 50% of all Global Equity exposure throughout the investing plan options. The Board had previously agreed that all Global Equity exposure throughout the DC section of the Fund would be invested in sustainability tilted Equities by end of 2021 and the DCC intends to implement this ahead of schedule during 2020.

When appointing new managers to the DB section of the Fund the Trustees use a seven-point manager research process with one of the seven due diligence categories being the assessment of the suitability of the prospective manager's Sustainability Policy (or equivalent) for the Trustees' requirements and the asset class, as well as their ability and record in implementing that policy. Given the importance of how managers take sustainability factors into account, including climate change, this area is given a higher weighting than the other categories used to assess managers.

As part of the Investment Strategy Review completed in 2020, the Trustees took the opportunity to undertake a review of the Fund's property allocation, including an assessment of how climate change and sustainability factors are taken into account by the appointed investment manager. As part of the review the Trustee engaged with the manager to challenge them to consider how the portfolio could be made more sustainability focused. As a result, the manager has defined a new, more ambitious sustainability target for the Trustees which they aim to deliver by 2022. The new target applies to existing properties, which will need to be improved, to tenant engagement and refurbishment work, as well as new property acquisitions. Key performance indicators have been set for reducing the carbon intensity of energy, water, and energy used as well as waste production. The target is intended to represent leading practice in sustainability for property and it aims to ensure that sustainability risks and opportunities are considered throughout the investment process from acquisition to disposal.

Risk management

As mentioned above, the Trustees believe that climate change and wider sustainability factors present risks as well as opportunities. They have appointed external investment managers to implement their investment strategy and therefore have put in place various measures to ensure that these risks are taken into account by these managers.

As mentioned above as the tool used to implement Tier 1, the Trustees have developed the MEF which is applied to all the DB section of the Fund's equity, corporate bond and high yield managers (covering around 50% of assets and 31[1] investment managers). This tool is an integral part of the Trustees' monitoring process and was developed to allow the Trustees to understand how sustainability considerations and risks, including climate change, are incorporated into each strategy, to ensure that this is being done effectively and to monitor managers' abilities and promote progress in this area on an ongoing basis. Should a manager fall short of expectations in this area, with no catalyst for change, this could lead to the termination of the relationship.

The Trustees have agreed a Divestment Policy which applies to companies that extract the majority of revenues from coal mining or coal power generation. These companies are regarded as unlikely to be successful when it comes to transitioning to a low carbon economy. This policy is applied to roughly two thirds of all the Fund's mandates.

The Trustees have also appointed an external stewardship provider to carry out the majority of the DB investment's stewardship activities including voting and company-specific engagements where the Fund is a shareholder. The provider covers around 45% of the DB assets. One of the provider's core objectives is improved management and disclosure of risks arising from climate change by companies in support of the goals of the Paris Agreement (an agreement signed in 2016 within the United Nations Framework Convention on Climate Change (UNFCCC), dealing with greenhouse-gas-emissions mitigation).

Metrics and targets

Various metrics are used to assess climate related risks on behalf of the Trustees, including (but not limited to) the following:

- The Trustees have started to gather portfolio carbon footprint data for the DB section of the Fund's equity and credit mandates with the aim of being able to track progress over time against this important measure. This analysis previously covered roughly 40% of the portfolio but is currently being updated to cover a wider range of asset classes. The Trustees have not set targets for reduction at present but recognises that this is a developing area.
- The Trustees have appointed a third party to perform climate scenario analysis in line with the TCFD's recommendations for both the DB and DC sections of the Fund.
- Qualitative information relating to manager integration practices as evaluated by the Manager Evaluation Framework.
- Active ownership data including voting and engagement activity on climate related issues.
- Where applicable, investments have their own specific set of metrics. The "Sustainable Assets" allocation, for example, is mapped to the UN Sustainable Development Goals in addition to having explicit metrics relevant to the individual underlying investments.

The Trustees measure the Fund's carbon emissions and intensity using Trucost S&P data but have not set targets for reduction at present. This is due to industry concerns over the quality and availability of necessary data. The Trustees are continuing to track exposures over time and will support initiatives, such as TCFD, which aim to improve the quality and availability of data. In the meantime, the Fund is taking a strategic approach to reducing risk and exploiting opportunities.

[1] As at March 2020

Grant Thornton

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

Opinion

We have audited the financial statements of Unilever UK Pension Fund (the 'Fund') for the year ended 31 March 2020, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 March 2020, 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 year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties. However, no audit should be expected to predict the unknowable factors or all possible future implications for a scheme associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Trustees' conclusions, we considered the risks associated with the scheme's operating model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the scheme's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the scheme will continue in operation.

Emphasis of matter – material uncertainty (property valuations)

We draw attention to Note 3 to the financial statements, which describes the basis for valuing property and property pooled investment fund. The Trustees engaged an expert to value their property. The property pooled investment fund portfolio was valued by an expert appointed by the individual investment manager. The experts' valuations included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the Trustees' valuations than would normally be the case. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees are responsible for the preparation of financial statements which show a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to wind up the scheme, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the trustees, 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 trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date 21/9/2020

UNILEVER UK PENSION FUND
FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Note	Year ended 31 Mar 2020			Year ended 31 Mar 2019		
		Defined Benefit section £ million	Defined Contribution section £ million	**Total £million**	Defined Benefit section £ million	Defined Contribution section £ million	**Total £ million**
Contributions and benefits							
Employer contributions		70.7	15.7	**86.4**	71.8	15.5	**87.3**
Employee contributions		0.2	4.2	**4.4**	0.2	2.2	**2.4**
Total contributions	3	70.9	19.9	**90.8**	72.0	17.7	**89.7**
Transfers in	4	-	1.3	**1.3**	-	1.0	**1.0**
		70.9	21.2	**92.1**	72.0	18.7	**90.7**
Benefits paid or payable	5	(333.3)	(0.3)	**(333.6)**	(329.1)	(0.3)	**(329.4)**
Payments to and on account of leavers	6	(28.1)	(2.1)	**(30.2)**	(52.0)	(2.7)	**(54.7)**
Administration expenses	7	(10.6)	-	**(10.6)**	(10.8)	-	**(10.8)**
		(372.0)	(2.4)	**(374.4)**	(391.9)	(3.0)	**(394.9)**
Net (withdrawals)/additions from dealings with members		(301.1)	18.8	**(282.3)**	(319.9)	15.7	**(304.2)**
Returns on investments							
Investment income	8	245.9	-	**245.9**	243.1	-	**243.1**
Change in market value of investments	10	(312.7)	(15.6)	**(328.3)**	350.8	8.0	**358.8**
Investment management expenses	9	(9.9)	-	**(9.9)**	(8.2)	-	**(8.2)**
Taxation		(0.6)	-	**(0.6)**	(0.6)	-	**(0.6)**
Net return on investments		(77.3)	(15.6)	**(92.9)**	585.1	8.0	**593.1**
Net (decrease)/increase in the Fund during the year		(378.4)	3.2	**(375.2)**	265.2	23.7	**288.9**
Transfers between sections	2	9.9	(9.9)	**-**	10.1	(10.1)	**-**
Net assets of the Fund at beginning of the year		9,775.2	163.2	**9,938.4**	9,499.9	149.6	**9,649.5**
Net assets of the Fund at end of the year		9,406.7	156.5	**9,563.2**	9,775.2	163.2	**9,938.4**

The notes on pages 48 to 66 form part of these financial statements

UNILEVER UK PENSION FUND
STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2020

	Note	31 Mar 2020 Defined Benefit section £ million	Defined Contribution section £ million	**Total £ million**	31 Mar 2019 Defined Benefit section £ million (Reanalysed)	Defined Contribution section £ million	**Total £ million (Reanalysed)**
Investments assets	10						
Equities		551.4	-	**551.4**	558.1	-	**558.1**
Bonds		4,603.6	-	**4,603.6**	4,020.6	-	**4,020.6**
Property		558.2	-	**558.2**	564.5	-	**564.5**
Pooled investment vehicles	11	5,726.9	144.4	**5,871.3**	6,376.2	150.5	**6,526.7**
Derivatives	12	203.8	-	**203.8**	135.7	-	**135.7**
AVC investments		-	10.4	**10.4**	-	11.6	**11.6**
Cash	13	61.6	-	**61.6**	30.3	-	**30.3**
Other investment assets	13	13.7	-	**13.7**	7.7	-	**7.7**
		11,719.2	154.8	**11,874.0**	11,693.1	162.1	**11,855.2**
Investment liabilities							
Derivatives	12	(283.8)	-	**(283.8)**	(115.5)	-	**(115.5)**
Other investment liabilities	13	(2,032.5)	-	**(2,032.5)**	(1,797.2)	-	**(1,797.2)**
Total net investments		9,402.9	154.8	**9,557.7**	9,780.4	162.1	**9,942.5**
Current assets	18	21.1	1.7	**22.8**	8.3	1.1	**9.4**
Current liabilities	19	(17.3)	-	**(17.3)**	(13.5)	-	**(13.5)**
Net assets of the Fund at end of year		9,406.7	156.5	**9,563.2**	9,775.2	163.2	**9,938.4**

In the prior year, custodian held cash was included in the pooled investment vehicles balance. This is now reported as investment cash balances, and an adjustment of £21.9m has been made to opening balances (increasing cash and reducing pooled investment vehicles). This also impacts on notes 10, 11, 13 and 15.

These financial statements 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 Report on Actuarial Liabilities within the Trustees' Report and these financial statements should be read in conjunction with it.

For Unilever UK Pension Fund Trustees Limited

Tony Ashford — Andy Rowell

Chairman — Secretary

Date: 21 September 2020

The notes on pages 48 to 66 form part of these financial statements

1) Basis of Preparation

These financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (the Financial Reporting Standard applicable in the UK issued by the Financial Reporting Council) and the guidance set out in the Statement of Recommended Practice for Financial Reports of Pension Schemes (revised June 2018) (the SORP).

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustees have adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on these financial statements. However, it has required certain additions to or amendments of disclosures in the financial statements.

2) Identification of the financial statements

The Fund is established as a trust under English Law. The address for enquiries to the Fund is included in the Trustees Report.

The Fund is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax. The tax charge in the Fund Account represents irrecoverable withholding taxes arising on investment income.

3) Accounting policies

The following are the key accounting policies that have been applied in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Foreign currency translation

The Fund's functional and presentational currency is pounds Sterling.

The value of overseas securities is translated into sterling at the rates of exchange ruling at the end of the year. The resulting exchange differences arising in the year 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.

b) Contributions

Normal contributions, both from the members and from the employer, are accounted for as they fall due under the Schedule of Contributions. Additional voluntary contributions from members are accounted for in the month they are deducted from the payroll.

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.

c) Benefits payable

Pensions in payment are accounted for in the period to which they relate. 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.

Where Trustees are required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that members benefits receivable from the Fund, this is shown separately within benefits.

d) 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, which is usually when the transfer amount is paid or received.

Accounting policies (continued)

e) Transfers between sections

Transfers between sections reflect the realisation of DC investments that are transferred to the DB section and form part of a member's retirement or death benefits. Such transactions are accounted for on an accruals basis. The amount will also include any transfers of unallocated assets between the DC and DB sections.

f) Administration and investment management fees

Administration and Investment management fees are accounted for on an accruals basis. Any direct expenses of the DC section are currently borne by the DB section and are allowed for in the contribution rate agreed with the employer.

g) Taxation on benefits

Taxation arising on benefits paid or payable in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund settling their tax liability is accounted for when due and is shown separately within benefits.

h) Investment income

Dividends from equities 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. No adjustment is made for any property lease incentives as these are considered immaterial.

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.

Investment income includes withholding taxes. Withholding tax is accrued on the same basis as investment income. Where withholding tax is not recoverable, this is shown as a separate expense within investment returns in the Fund Account.

i) Investments

Investments are included in the Statement of Net Assets (available for benefits) 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 Fund 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 financial statements 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, utilising the updated IPEV Valuation guidelines issued in March 2020 given magnitude of crisis arising from COVID19. Other unquoted securities including investments in hedge funds are included at the Trustees' estimate of fair value, which is the latest 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 provided by the investment managers.

Properties are valued quarterly by Colliers International Group Inc (an independent firm of chartered surveyors) on an open market basis as defined by the Royal Institute of Chartered Surveyors. The valuation reported is as at 31 March each year. Colliers have recent experience in the locations and types of properties held by the Fund. There is no provision for property depreciation or amortisation as this is already factored into the valuation. The property valuation is reported on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market.

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.

Accounting policies (continued)

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 is 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 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.

AVC and DC investment assets are valued at the single price valuation as advised by the relevant investment manager. With-profit AVC funds include the estimated terminal bonus where this is provided.

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.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sale of investments during the year.

The Fund continues to recognise assets delivered out under repurchase contracts and stock-lending arrangements to reflect its ongoing interest in those securities. Cash received from repurchase contracts is recognised as an investment asset, and an investment liability is recognised for the value of the repurchase obligation. Collateral received in respect of stock-lending arrangements is disclosed but not recognised as a Fund asset.

Cash delivered under reverse repurchase contracts is recognised as an investment receivable in the financial statements. Securities received in exchange are disclosed as collateral supporting this receivable but not included as Fund assets.

3. Contributions receivable	Year ended 31 Mar 2020			Year ended 31 Mar 2019		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	**Total**
	£ million	£ million	**£ million**	£ million	£ million	**£ million**
Employers:						
Normal	68.7	15.7	**84.4**	69.4	15.5	**84.9**
Additional contributions – PPF Levy	1.9	-	**1.9**	2.0	-	**2.0**
Augmentations	0.1	-	**0.1**	0.4	-	0.4
	70.7	15.7	**86.4**	71.8	15.5	**87.3**
Members:						
Normal	0.2	-	**0.2**	71.8	15.5	**87.3**
Additional voluntary contributions	-	4.2	**4.2**	0.2	-	**0.2**
	70.9	19.9	**90.8**	72.0	17.7	**89.7**

No deficit contributions were due under the Schedules of Contributions and therefore none were received in the current or prior year. Further information is included in the Summary of Contributions on page 68.

4. Transfers in

	Year ended 31 Mar 2020			Year ended 31 Mar 2019		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	**Total**
	£ million	£ million	**£ million**	£ million	£ million	**£ million**
Individual transfers in from other schemes	-	1.3	**1.3**	-	1.0	**1.0**
	-	1.3	**1.3**	-	1.0	**1.0**

5. Benefits paid or payable

	Year ended 31 Mar 2020			Year ended 31 Mar 2019		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	Total
	£ million	£ million	**£ million**	£ million	£ million	£ million
Pensions	(300.4)	-	**(300.4)**	(296.1)	-	**(296.1)**
Purchase of annuities	-	(0.3)	**(0.3)**	-	(0.3)	**(0.3)**
Lump sum retirement benefits	(30.9)	-	**(30.9)**	(30.1)	-	**(30.1)**
Lump sum death benefits	(1.7)	-	**(1.7)**	(2.3)	-	**(2.3)**
Taxation where lifetime or annual allowance exceeded	(0.3)	-	**(0.3)**	(0.6)	-	**(0.6)**
	(333.3)	(0.3)	**(333.6)**	(329.1)	(0.3)	**(329.4)**

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund settling their tax liability.

6. Payments to and on account of leavers

	Year ended 31 Mar 2020			Year ended 31 Mar 2019		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	**Total**
	£ million	£ million	**£ million**	£ million	£ million	**£ million**
Individual transfers to other schemes	(28.1)	(2.1)	**(30.2)**	(52.0)	(2.7)	**(54.7)**
	(28.1)	(2.1)	**(30.2)**	(52.0)	(2.7)	**(54.7)**

7. Administration Expenses

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
	Defined Benefit	Defined Benefit
	£ million	£ million
Administration expenses	**(4.7)**	(4.6)
Legal and other professional fees	**(0.4)**	(0.5)
Actuarial fees	**(1.7)**	(1.7)
Audit fees	**(0.1)**	(0.1)
Trustee Fees	**(0.2)**	(0.2)
PPF Levy	**(1.9)**	(2.0)
Other expenses	**(1.6)**	(1.7)
	(10.6)	(10.8)

The Fund bears all administration costs with the exception of DC charges borne by the member's account. Further details on these costs are provided in the DC Annual statement.

8. Investment income

	Year ended 31 Mar 2020 Defined Benefit	Year ended 31 Mar 2019 Defined Benefit
	£ million	£ million
Income from bonds	**39.4**	36.3
Dividends from equity shares	**10.1**	9.6
Income from private equity investments	**0.6**	0.7
Income from pooled investments	**129.4**	132.1
Interest on short term deposits	**10.2**	0.2
Net rents from properties	**23.7**	22.9
Income from swaps	**50.9**	53.3
Interest on repurchase agreements - net	**(18.6)**	(12.3)
Other income	**0.2**	0.3
	245.9	243.1

9. Investment Expenses

	Year ended 31 Mar 2020 Defined Benefit	Year ended 31 Mar 2019 Defined Benefit
	£ million	£ million
Investment management & custody	**(7.9)**	(6.1)
Investment consultancy	**(2.0)**	(2.1)
	(9.9)	(8.2)

10. Reconciliation of investments

Defined Benefit section	Market value at 1 Apr 19 (Reanalysed)	Purchases at cost and Derivative Payments	Proceeds of sales and Derivative Receipts	Change in market value	**Market value at 31 Mar 20**
	£ million	£ million	£ million	£ million	**£ million**
Bonds	4,020.6	680.6	(319.7)	222.1	**4,603.6**
Quoted equities	558.1	87.2	(95.6)	1.7	**551.4**
Pooled investment vehicles	6,376.2	1,248.9	(1,554.3)	(343.9)	**5,726.9**
Derivatives	20.2	473.2	(391.1)	(182.3)	**(80.0)**
Property	564.5	2.2	-	(8.5)	**558.2**
	11,539.6	2,492.1	(2,360.7)	(310.9)	**11,360.1**
Cash	30.3			(1.8)	**61.6**
Other investment assets	7.7			-	**13.7**
Other investment liabilities	(1,797.2)			-	**(2,032.5)**
	9,780.4			(312.7)	**9,402.9**

10. Reconciliation of investments (continued)

Defined Contribution section	Market value at 1 Apr 19	Purchases at cost	Proceeds of sales	Change in market value	**Market value at 31 Mar 20**
	£ million	£ million	£ million	£ million	**£ million**
Pooled investment vehicles	150.5	32.1	(22.6)	(15.6)	**144.4**
AVC investments	11.6	0.1	(1.3)	-	**10.4**
	162.1	32.2	(23.9)	(15.6)	**154.8**

Property is valued in accordance with the accounting policy. An independent valuation took place as at 31 March 2020. All property leases are subject to rent review within five years.

Transaction costs are included in costs of purchases and deducted from sale proceeds. Direct transaction costs include fees, commissions, and stamp duty. Transaction costs analysed by main asset class and type of cost are as follows:

	Fees	Commission	Stamp duty	**31 Mar 2020 Total Defined Benefit**	**31 Mar 2019 Total Defined Benefit**
	£ million	£ million	£ million	**£ million**	**£ million**
Equities	-	0.1	-	**0.1**	**-**
Pooled Investment	0.4	-	-	**0.4**	**1.4**
Property	-	-	0.1	**0.1**	**2.0**
	0.4	0.1	0.1	**0.6**	**3.4**
2019	0.4	-	2.0	**-**	**3.4**

In addition to these costs, indirect transaction costs are incurred through the bid-offer spread on investments within the pooled investment vehicles. These indirect costs for both the Defined Benefit and Defined Contribution Sections are not separately provided to the Fund and therefore are not separately disclosed.

Concentration of investment

The table shows the number of holdings that each represented more than 5% of the Fund's total assets:

	31 Mar 2020		31 Mar 2019	
	£ million	%	£ million	%
Univest Global Alpha Equity Fund	1,528.7	16.0	1,763.9	18.0
Univest IV Hedge Fund	604.4	6.3	590.7	6.0
Univest Diversified Income Fund	599.4	6.3	651.4	6.6
Univest FCP Global Credit Bonds	577.6	6.0	584.8	6.0
Univest Defensive Equity Fund	495.2	5.2	524.2	5.4

10. Reconciliation of investments (continued)

Defined Contribution section

For the DC section, investments purchased by the Fund are allocated to provide benefits to the individuals on whose behalf the contributions were paid. AVCs paid by members to Fidelity are included with the members' Investing plan accounts and are not separately identifiable and do not form a common pool of assets generally available.

DC assets are allocated between members and the Trustees as follows:

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
	£ million	£ million
Members	**144.4**	162.0
Trustees	**-**	0.1
	144.4	162.1

Under the rules of the Fund, assets unallocated to members can be transferred freely to the DB section. During the year £0.1m (2019: £nil) was transferred from the Trustees' surplus account to the DB section.

AVC investments

The Fund continues to provide the facility for some members who were paying AVCs on 30 June 2012 to continue paying AVCs to the particular provider of those AVC funds as at that date. These AVCs are separately invested for the benefit of individual members. Members are advised individually about the value of their DC investments by the AVC provider. Other members are able to purchase additional money purchase benefits through the Investing plan.

Sole investor pooled arrangements

The Fund is a sole investor in Cardinal Investment Holdings L.P. Inc. The summary of the investments at the year-end compromised:

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
	£ million	£ million
Private equity	**12.5**	0.1
Cash	**1.9**	2.5
Creditors	**(0.2)**	(0.3)
	14.2	2.3

11. Pooled investment vehicles

The Fund's investment in pooled investment vehicles at the year-end comprised:

Defined Benefit section	**Year ended 31 Mar 2020 £ million**	Year ended 31 Mar 2019 £ million (Reanalysed)
Equity	**2,322.4**	2,636.8
Bonds	**1,889.6**	2,029.7
Private debt	**364.5**	316.8
Hedge Funds	**604.4**	590.7
Private Equity	**261.2**	293.3
Property	**204.0**	208.1
Cash Deposits – Short Term	**80.8**	300.8
	5,726.9	6,376.2

Defined Contribution section	**Year ended 31 Mar 2020 £ million**	Year ended 31 Mar 2019 £ million
Equity	**6.4**	7.8
Bonds	**1.0**	0.8
Cash	**7.3**	5.1
Balanced Funds	**129.7**	136.8
	144.4	150.5

12. 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, mainly through futures contracts;
- the management of currency exposure through foreign exchange forward contracts;
- efficient portfolio management through futures contracts; and
- asset/liability management through its LDI mandate with BlackRock Advisors where interest, inflation and credit risk are managed primarily through swaps contracts.

At the year end the Fund had the following derivatives:

	31 Mar 2020	**31 Mar 2020**	31 Mar 2019	31 Mar 2019
	Assets	**Liabilities**	Assets	Liabilities
	£ million	**£ million**	£ million	£ million
Swaps	**200.5**	**(140.3)**	102.9	(114.4)
Forward foreign currency contracts	**3.3**	**(143.5)**	32.8	(1.1)
	203.8	**(283.8)**	135.7	(115.5)
Net derivatives (liability)/asset	**(80.0)**		20.2	

Most derivatives held at 31 March are "over-the-counter" (not traded on a formal exchange, but agreed between the counter-parties), the exception being futures which are exchange traded.

Further details on the derivatives held at the year end, aggregated by key characteristics, are set out below.

Swaps		**31 Mar 2020**			**31 Mar 2019**	
	Notional principal	**Assets**	**Liabilities**	Notional principal	**Assets**	**Liabilities**
	£ million	**£ million**	**£ million**			
Interest rate swaps	1,687.8	**130.9**	**(92.4)**	1,921.2	**51.8**	**(103.2)**
Inflation rate swaps	891.6	**15.0**	**(47.9)**	891.6	**10.5**	**(9.7)**
Equity swaps	-	**-**	**-**	1.1	**.**	**(0.4)**
Total return swaps	439.7	**54.6**	**-**	690.5	**40.6**	**(1.1)**
	3,019.1	**200.5**	**(140.3)**	3,504.4	**102.9**	**(114.4)**

		31 Mar 2020			**31 Mar 2019**	
	Notional Principal	**Assets**	**Liabilities**	Notional Principal	**Assets**	**Liabilities**
	£ million	**£ million**	**£ million**	£ million	**£ million**	**£ million**
Expiration						
0 – 10 years	2,246.2	**100.5**	**(51.2)**	2,782.7	**82.2**	**(66.8)**
11 – 20 years	421.6	**29.4**	**(4.8)**	385.1	**8.3**	**(12.3)**
21 – 30 years	218.1	**18.6**	**(56.7)**	217.6	**5.1**	**(23.2)**
31 – 40 years	128.8	**52.0**	**(15.7)**	115.0	**7.3**	**(6.2)**
41 – 50 years	4.4	**-**	**(11.9)**	4.0	**-**	**(5.9)**
	3,019.1	**200.5**	**(140.3)**	3,504.4	**102.9**	**(114.4)**

12. Derivative contracts (continued)

At the year end, the Fund held collateral in the form of cash totalling £46.1 million and pledged collateral in the form of government bonds totalling £167.8 million and cash totalling £24.1 million (2019: held collateral in the form of government bonds totalling £39.3 million and cash totalling £24.7 million and pledged collateral in the form of government bonds totalling £25.2 million).

Forward foreign currency contracts					**31 Mar 2020**	**31 Mar 2020**
Settlement Date	Currency Bought	Currency Bought million	Currency Sold	Currency Sold million	**Assets £ million**	**Liabilities £ million**
1 to 3 months	GBP	2,338.0	USD	3,033.4	**0.3**	**(106.6)**
1 to 3 months	GBP	968.9	EUR	1,118.1	**0.1**	**(21.5)**
1 to 3 months	EUR	129.2	GBP	117.8	**0.5**	**(3.8)**
1 to 3 months	USD	385.3	GBP	319.6	**2.4**	**(11.6)**
					3.3	**(143.5)**

Forward foreign currency contracts					**31 Mar 2019**	**31 Mar 2019**
Settlement Date	Currency Bought	Currency Bought million	Currency Sold	Currency Sold million	**Assets £ million**	**Liabilities £ million**
1 to 3 months	GBP	972.0	EUR	1,176.4	**14.2**	**-**
1 to 3 months	GBP	2,143.9	USD	2,776.6	**18.6**	**(1.1)**
					32.8	**(1.1)**

13. Cash and other investment assets/liabilities

Cash and other investment assets	**31 Mar 2020 £ million**	31 Mar 2019 £ million (Restated)
Cash deposits	**61.6**	30.3
Amounts due from brokers	**2.1**	-
Accrued income	**11.6**	7.7
	75.3	38.0

Cash and other investment liabilities	**31 Mar 2020 £ million**	31 Mar 2019 £ million
Amounts due to brokers	**(2.9)**	-
Gilt repo liability*	**(2,024.2)**	(1,791.7)
Deferred income	**(5.4)**	(5.5)
	(2,032.5)	(1,797.2)

Net cash deposits consist of cash on overnight deposit.

* The Fund invests in repurchase arrangements as part of the LDI portfolio. Gilt repo liabilities reflect the cost to repurchase assets sold under a sale and repurchase agreement. The underlying assets, recognised within bonds in note 10, and collateral pledged and held are shown in table on the next page.

13. Cash and other investment assets/liabilities (continued)

Asset type	Amounts due at 31 Mar 2020 £ million	Underlying asset value at 31 Mar 2020 £ million	Collateral assets pledged at 31 Mar 2020 £ million	Collateral assets held at 31 Mar 2020 £ million
Bonds	**2,024.2**	**2,032.6**	**-**	**46.0**

Asset type	Amounts due at 31 Mar 2019 £ million	Underlying asset value at 31 Mar 2019 £ million	Collateral assets pledged at 31 Mar 2019 £ million	Collateral assets held at 31 Mar 2019 £ million
Bonds	1,791.7	1,798.4	-	105.8

14. Stock lending

The Fund participates in a stock lending programme managed by the Custodian, The Northern Trust Company. The value of securities on loan at 31 March 2020 was £101.2 million, consisting of equities of £81.4 million and fixed income of £19.8 million (31 March 2019: £97.3 million, consisting of equities of £78.6 million and fixed income of £18.7 million) in exchange for which the Custodian held collateral worth £115.2 million, consisting of cash of £9.1 million, equities of £81.3 million and government bonds of £24.8 million (31 March 2019: £99.2 million consisting of cash of £49.2 million, equities of £17.9 million and government bonds of £32.1 million).

15. Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1	Based on an unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
Level 2	Based on inputs (other than quoted prices) that are observable for the instrument, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable)

The Fund's investment assets and liabilities have been categorised using the above levels as follows:

	As at 31 March 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	£ million	**£ million**	**£ million**	**£ million**
Defined Benefit section				
Bonds	**-**	**4,584.2**	**19.4**	**4,603.6**
Equities	**551.5**	**-**	**-**	**551.4**
Property	**-**	**-**	**558.2**	**558.2**
Pooled investment vehicles	**-**	**3,919.3**	**1,807.6**	**5,726.9**
Derivative contracts	**(140.2)**	**60.1**	**-**	**(80.0)**
Cash	**33.6**	**28.0**	**-**	**61.6**
Other investment balances	**(0.6)**	**(2,018.2)**	**-**	**(2,018.8)**
	444.3	**6,573.4**	**2,385.2**	**9,402.9**
Defined Contribution section				
AVC investments	**-**	**10.4**	**-**	**10.4**
Pooled investment vehicles	**-**	**144.4**	**-**	**144.4**
	444.3	**6,728.2**	**2,385.2**	**9,557.7**

15. Fair value determination (continued)

	Level 1	As at 31 March 2019 (Reanalysed) Level 2	Level 3	Total
	£ million	£ million	£ million	£ million
Defined Benefit section				
Bonds	-	4,018.6	2.0	4,020.6
Equities	558.1	-	-	558.1
Property	-	-	564.5	564.5
Pooled investment vehicles	-	4,590.5	1,785.7	6,376.2
Derivative contracts	31.7	(11.5)	-	20.2
Cash	22.2	8.1	-	30.3
Other investment balances	(3.6)	(1,785.9)	-	(1,789.5)
	608.4	6,819.8	2,352.2	9,780.4
Defined Contribution section				
AVC investments	-	11.6	-	11.6
Pooled investment vehicles	-	150.5	-	150.5
	608.4	6,981.9	2,352.2	9,942.5

16. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk:

- Currency risk: this is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the market interest rates.
- Other price risk: this is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issue, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking appropriate advice from their professional investment adviser. The Fund has exposure to these risks due to the nature of the investments as part of its diversified investment strategy. The Trustees manage investment risks, including credit risk and market risk, within agreed limits that are set taking into account the Fund's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers. The Trustees monitor this through regular reviews of the investment portfolio.

16. Investment risk disclosures (continued)

Further information on the Trustees' approach to risk management, credit and market risk is set out below. Unless stated otherwise, policies and objectives remain broadly unchanged since the prior year. In the following table, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/ not at all.

Asset Class		Credit Risk	Market Risk			2020 (£m)	2019 (£m)
			Interest Rate Risk	Currency Risk	Other Risk		
Defined Benefit Section							
Equity		○	○	◐	●	**551.4**	**558.1**
Bonds		●	●	○	○	**4,603.6**	**4,020.6**
Property		◐	○	○	●	**558.2**	**564.5**
Pooled investment vehicles	***(Direct)***	●	○	◐	○	**5,726.9**	**6,376.2**
	(Indirect)	◐	◐	◐	◐		
Derivatives		◐	◐	◐	◐	**(80.0)**	**20.2**
Cash and Other investment liabilities		●	◐	◐	◐	**(1,957.2)**	**(1,759.2)**
DB Total						**9,402.9**	**9,780.4**
Defined Contribution Section							
Pooled investment vehicles	***(Direct)***	●	○	◐	○	**144.4**	**150.5**
	(Indirect)	◐	◐	◐	◐		
AVC Investments		◐	◐	◐	◐	**10.4**	**11.6**
DC Total						**154.8**	**162.1**

Defined Benefit Section

(i) Investment strategy

The main investment objective of the Trustees is to ensure that sufficient assets are available to pay out members' benefits as and when they fall due. The Trustees invest the assets to achieve a balance between:

i) the desire to achieve sufficient investment returns to be able to meet the benefits; and
ii) the need to match the Fund's liabilities in light of the need to minimise the risk of an unacceptably high contribution rate (or low funding level) resulting from too aggressive an investment strategy.

Further, the Trustees wish to maintain the investments of the Fund at sufficiently marketable levels so that the Fund can realise the investments, if necessary, to make the benefit payments.

The strategic allocation of the assets, between the major asset classes, is viewed by the Trustees as the most important means of controlling the balance between risk and expected return on the Fund's assets. Assets are invested in a way appropriate to the nature and duration of the liabilities and to ensure appropriate diversification between asset classes. The Trustees seek independent professional investment advice in relation to the allocation of the Fund's assets.

The Trustees manage the investment risks within agreed risk limits which are set taking into account the Fund's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustees by regular reviews of the investment portfolios. The IFC and Trustees regularly review the strategy and receive quarterly reports from the Chief Investment Officer and their investment consultants. The investment objectives and risk limits are further detailed in the Statement of Investment Principles.

16. Investment risk disclosures (continued)

The Fund is also a sole investor in Cardinal Investment Holdings L.P. Inc, who's investments in Underlying Funds expose it to various types of risk that are associated with the investment strategies of these Underlying Funds as well as the investments and financial instruments in which they invest.

(ii) Credit Risk

The Fund is subject to credit risk because the Fund directly invests in bonds, private debt, property, over-the-counter ("OTC") derivatives, has cash balances, undertakes stock lending activities and enters into "sale and repurchase" agreements. The Fund also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Fund is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Credit risk from these investments is mitigated by the majority of bonds being investment grade rated. Standard market practice considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch or rated at Baa3 or higher by Moody's.

Credit risk arising on non-investment grade bonds held directly or indirectly through pooled funds (e.g. in High Yield Debt) is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements.

Credit risk also arises on forward foreign currency contracts. There are some collateral arrangements for these contracts, but all counterparties are required to be at least investment grade. Cash is held within financial institutions which are at least investment grade credit rated.

The Trustees manage the credit risk arising from stock lending activities by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are rated investment grade, limiting the amount that can be lent to any one borrower and putting in place collateral arrangements. Credit risk on repurchase agreements is mitigated through collateral arrangements.

The Fund's holdings in pooled investment vehicles are unrated. Direct credit risk arising from investing in pooled investment vehicles is mitigated by:

- The underlying assets of the pooled arrangements being ring-fenced from the pooled manager in somestructures;
- The regulatory environments in which the pooled managers operate; and
- Diversification of investments amongst a number of pooled arrangements.

The Fund's sole investment in Cardinal Investment Holdings L.P. Inc has as its primary credit risk the cash balance at a US Bank. The US Bank's credit rating is credit rating issued by Moody's and Standard & Poor's rating agencies is stable and high grade as of 31 March 2020.

16. Investment risk disclosures (continued)

Analysis of direct credit risk

	Investment grade (£ million)	Non-investment grade (£ million)	Unrated (£ million)	Total (£ million)
Bonds	**4,598.0**	**5.6**	**-**	**4,603.6**
Corporate bonds	292.4	5.6	-	298.0
Government bonds	898.5	-	-	898.5
Index Linked bonds	19.4	-	-	19.4
Index Linked Government bonds	3,387.7	-	-	3,387.7
Pooled investment vehicles	**50.6**	**-**	**5,676.3**	**5,726.9**
Other Fixed Income	**(2,112.0)**	**-**	**-**	**(2,112.0)**
Cash Asset	**-**	**-**	**29.6**	**29.6**
Total	**2,536.6**	**5.6**	**5,705.9**	**8,248.1**

(iii) Currency risk

The Fund is subject to currency risk because some of the Fund's investments are held in overseas markets, either as segregated investments (direct exposure) or via pooled investment vehicles (indirect exposure). For hedged currencies the Trustees have a benchmark to limit overseas currency exposure by hedging back to sterling - the level of hedging depends on the asset class, but in general 40% of the risk is hedged for growth assets and 100% for bond assets. This is achieved through a currency hedging policy utilising forward foreign currency contracts. The currency policy focusses on hedging of EUR and USD.

The Fund's sole investment in Cardinal Investment Holdings L.P. Inc holds financial instruments denominated in currencies other than the functional currency (the Pound Sterling). It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates. The Partnership acknowledges and accepts the currency risk associated with investments which are or whose price is denominated in a currency other than Pound Sterling.

(iv) Interest rate and Inflation risk

The Fund is subject to interest rate and inflation risk due to the way pension liabilities are calculated and because some of the Fund's investments are held in assets that are exposed to changes in either (as segregated investments or through pooled vehicles). The Trustees have agreed an LDI investment strategy which targets a 70% interest and inflation rate hedge. Under this strategy, if interest rates fall or inflation rates rise, the value of LDI investments will rise to help match a proportion of the increase in actuarial liabilities. Similarly, if interest rates rise or if inflation falls, the LDI investments will fall in value, as will the actuarial liabilities.

For the Fund's sole investment in Cardinal Investment Holdings L.P. Inc, the majority of the Partnership's assets and liabilities are non-interest bearing. As a result, the Partnership is not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of interest risks.

(v) Other price risk

Other price risk arises principally in relation to all the Fund's investment categories. The Fund manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

16. Investment risk disclosures (continued)

Defined Contribution Section – The Investing plan

(i) Strategy

The risks disclosed here relate to the Investing plan investments. Members are able to choose their own investments from the range of funds offered by the Trustees and therefore may not be able to exactly customise investments depending on their personal circumstances.

The Trustees' objective is to ensure that the Investing plan is effectively governed and administered, with suitable investment and retirement options, a communication and education programme that helps members make informed decisions that are appropriate for their circumstances. A range of options have been designed to offer members investment choices with different levels of investment risk and prospective return. There are automatic switching strategies under which the investments representing the member's account are reshaped as the expected retirement date approaches. There is a default option for members who decide not to take active investment decisions or view the default as suitable for their circumstances. The options are unit-linked, pooled funds offered by the Trustees' selected investment provider. This is currently Fidelity Investments Life Insurance Limited ("Fidelity"). Fidelity is the record keeper and fund platform provider. The options are offered as a life policy, specifically for the purposes of Unilever UK Pension Fund. Further information on the funds available is provided in the Investment Report.

(ii) Credit, Market Risk and Other risks

The Trustees recognise that members of the DC section have differing investment needs and objectives, and that these may change during the course of members' working lives. The Trustees also recognise that members have different attitudes to risk and believe that members should be encouraged to make their own investment decisions based on their individual circumstances. However, the Trustees also recognise that members may not view themselves qualified to make choices about investment options and therefore the Trustees provide a default investment option.

The default option aims to deliver a good level of real return over members' working lifetimes, whilst mitigating risk through diversification. During the growth phase, contributions are directed to a fund that is invested in equities and other diversifying assets, is expected to provide growth with some downside protection and some protection against inflation erosion. It also encompasses a switch into asset classes, in the years prior to the member's target retirement age, designed to be appropriate for a member intending to take their entire savings as cash at retirement. This does not mean that members have to take their benefits as cash at retirement; it merely determines the auto switch lifestyle strategy that will be in place pre-retirement unless the member selects a different option. Members who intend to take their retirement benefits in other ways, including annuity purchase or income drawdown, have the option of adopting an alternative auto switch lifestyle strategy prior to retirement or choosing their own investment strategy.

The DC Section is subject to credit risk in relation to Fidelity through its holding in unit linked funds. Fidelity registers all assets in its name. Where Fidelity invests in Collective Investment schemes such as unit trusts it owns the units in those funds but where it invests in life insurance funds it does so via a reinsurance contract and so owns the reinsurance policy issued by the relevant life insurer. The underlying funds are managed by Blackrock, Investec, Putnam, L&G and JP Morgan. Under these arrangements it is the Trustees and ultimately the members with retirement account balances that take on the manager credit risk as well as the underlying market risk of the underlying asset classes that comprise the DC options.

Some of the DC options are subject to foreign exchange risk and other price risk arising from the underlying financial instruments held in the funds managed by Fidelity. The members are offered a number of options where they are exposed to currency risk:

Fund	Investment	Foreign exchange risk
Emerging Market Equity	Securities listed in or related to Emerging market countries	All Non-Sterling assets
Global Equity	Globally diversified equity markets (i.e. UK, US, Europe, Japan, Asia and Emerging markets)	70% Non-Sterling assets. However at least 80% of the currency risk of these assets is hedged back to sterling using derivatives
Moderate Growth	Multi asset fund invested in a range of asset classes including equities, government and corporate bonds and property	At least 60% Sterling denominated assets
Cautious Growth	Multi asset fund invested in a range of asset classes including equities (lower allocation compared to Moderate Growth), government and corporate bonds (higher allocation compared to Moderate Growth) and property	At least 60% Sterling denominated assets
Real Return	Multi asset fund invested in equities, bonds and property aiming to provide some degree of protection against changes in Consumer Price Inflation	At least 50% Sterling denominated assets
Bond fund	UK Corporate Bonds and Gilts	All Sterling assets
Cash	Cash and short dated bonds	All Sterling assets

Government and corporate bonds are subject to interest rate risk (i.e. if interest rates rise, then the value of the bonds will fall and vice versa). If a member chooses to purchase an annuity, changes in interest rates will affect the cost, in which case the option offered to mitigate this risk is the bond fund which can act as a proxy to UK annuity price movements. The Bond and Cash funds are expected to be more susceptible to price inflation risk compared to the other funds over the long term.

Some members also have legacy AVC arrangements which are reported as part of the DC section.

17. Employer related investments

On 31 March 2020 the Fund held:

- 172,386 shares in Unilever PLC with a market value of £7.0 million (2019: 172,386 shares with a value of £7.6 million).

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

- 0 shares in Unilever NV with a market value of £0 million (2019: 76,865 shares with a value of £3.4 million) through its investment in the Global Alpha sub-fund; and
- 0 shares in Hindustan Unilever with a market value of £0 million (2019: 8,024 shares with a value of £0.2 million) through its investment in the Emerging Market sub-fund.

Together these direct and indirect investments represent less than 1% of the equity portfolio. This is comfortably within the maximum 5% of the current market value of the total assets 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.

18. Current assets	Year ended 31 Mar 2020 Defined Benefit £ million	Defined Contribution £ million	**Total £ million**	Year ended 31 Mar 2019 Defined Benefit £ million	Defined Contribution £ million	**Total £ million**
Sundry debtors	5.0	0.3	**5.3**	0.3	0.1	0.4
Cash	16.1	1.4	**17.5**	8.0	1.0	9.0
	21.1	1.7	**22.8**	8.3	1.1	9.4

19. Current liabilities	Year ended 31 Mar 2020 Defined Benefit £ million	Defined Contribution £ million	**Total £ million**	Year ended 31 Mar 2019 Defined Benefit £ million	Defined Contribution £ million	**Total £ million**
Deferred income	0.1	-	0.1	0.1	-	0.1
Benefits Payable	2.7	-	2.7	1.1	-	1.1
Accruals	4.9	-	4.9	3.7	-	3.7
PAYE & other taxes	5.1	-	5.1	5.2	-	5.2
Property creditors	4.5	-	4.5	3.4	-	3.4
	17.3	-	17.3	13.5	-	13.5

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.

20. Commitments

At the end of the year the Fund had capital commitments relating to private equity investments of £437.2 million (31 March 2019: £453.7 million), and private debt of £220.7 million (31 March 2019: £96.2 million).

21. Contingent Assets

There are no contingent assets at 31 March 2020 or 31 March 2019.

22. Contingent Liabilities

As explained in the Trustees report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's Defined Benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to inequalities arising from guaranteed minimum pension benefits built up from 17 May 1990 to 5 April 1997. The issues determined by the judgment arise in relation to many other Defined Benefit pension schemes. The Trustees are aware that the issue will affect the Fund and will be considering this at future meetings and decisions will be made as to the next steps. Under the ruling schemes are potentially required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts; subject to any limitation clauses that may apply and/or materiality. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

23. Related party transactions

The Independent Chairman was paid £85,000 pa from 1 June 2018. Trustee Honorariums were last increased from 1 April 2018. From this date each Trustee no longer employed by a participating Employer received an honorarium of £12,000, or £15,600 if they also chaired a committee. Total fees paid in the year ended 31 March 2020 were £182,000 (2019: £172,000). Trustee expenses reimbursed totalled £12,000 (2019: £10,000). Additional fees were paid to non-Trustee committee members totalling £75,000 (2019: £70,000).

Certain Trustees receive a normal retirement pension from the Fund. These amounts were in line with Fund rules.

Within administration costs, £2.5 million was paid to Unilever UK Central Resources Limited in respect of the services provided by Unilever UK Pensions (2019: £2.6 million), and £1.2 million (2019: £1.0 million), in respect of services provided by the Univest Company.

During the year, the Fund paid £0.9 million (2019: £0.9 million) to other Unilever pension funds to reimburse them for benefit payments made on its behalf. There was an amount of £0.2 million (2019: £0.1 million) due to the Company or other Unilever Pension Funds at the year end as reimbursement for members living overseas whose Fund pensions were initially paid by other Unilever group pension funds. The Fund also recharged £19.4 million (2019: £19.8m) to other Unilever entities for amounts that were initially paid by the Fund, but where the liability did not rest with the Fund. In addition, an amount of £0.5 million (2019: £nil) was paid to the Uniac Pension Fund to correct a historic sourcing error.

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, the Univest pooled vehicles consist 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 included in note 11.

Information on Employer Related Investments is shown in note 17.

INDEPENDENT AUDITOR’S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE UNILEVER UK PENSION FUND

We have examined the summary of contributions to the Unilever UK Pension Fund (the ‘Fund) for the scheme year ended 31 March 2020 which is set out on page 68.

In our opinion, contributions for the scheme year ended 31 March 2020 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the Scheme Actuary on 28 March 2017 and 17 December 2019 .

Scope of work on 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 schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedules of contributions.

Respective responsibilities of trustees and the auditor

As explained more fully in the statement of Trustees' responsibilities set out on page 31, the Trustees are responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions 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.

Use of our statement

This statement is made solely to the Trustees, 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 Trustees 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 Trustees as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 21/9/2020

UNILEVER UK PENSION FUND
SUMMARY OF CONTRIBUTIONS PAYABLE FOR THE YEAR ENDED 31 MARCH 2020

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

	Members			Employer		
	Defined Benefit	Defined Contribution	**Total**	Defined Benefit	Defined Contribution	**Total**
	£ million	£ million	**£ million**	£ million	£ million	**£ million**
Required by the Schedules of Contributions						
Normal	0.2	-	**0.2**	68.7	15.7	**84.4**
Additional contributions – PPF Levy	-	-	**-**	1.9	-	**1.9**
Augmentations	-	-	**-**	0.1	-	**0.1**
Total required by the Schedules of Contributions	0.2	-	**0.2**	70.7	15.7	**86.4**
Other contributions payable						
Additional voluntary contributions	-	4.2	**4.2**	-	-	**-**
Total reported in Fund Account	0.2	4.2	**4.4**	70.7	15.7	**86.4**

Regular employee contributions
Under the 'salary sacrifice' arrangements in place (the 'Unilever Contribution Arrangement' or "UCA"), Unilever makes contributions on behalf of members taking part. Members sacrifice salary equal to their regular pension contributions. This results in a National Insurance contribution saving for members and the Company. Member contributions are 5% of pensionable earnings between a lower and higher level. From 1 April 2018 to 31 March 2019 the lower level was £6,477 and the higher level was £60,500. Members can contribute a higher amount of 8.4% for a pension in payment increase rate in line with inflation up to 5% a year instead of up to 3% a year.

Regular Company contributions
During the year employer contributions were payable at:

- 32.2% of pensionable earnings between the lower and higher levels (less employee contributions)
- 12.5% of pensionable earnings above the higher level into the member's Investing plan account, unless the member chose instead to take some or all of the contribution as salary.

Unilever also:

- Matches extra voluntary contributions to the Investing plan for all active members up to 2% of their matched contribution salary.
- Pays into members' Investing plan accounts a discretionary contribution for those making extra voluntary contributions by salary sacrifice - currently 13.8% of the extra voluntary contribution.

Additional employer contributions

- 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 2020 was £nil million (2019: £0.1 million), and this is reported as deferred income.
- A copy of the current Schedule of Contributions is included on pages 69 and 70.

Signed on behalf of the Trustees:

Tony Ashford
Chairman
Dated: 21 September 2020

Andy Rowell
Secretary

UNILEVER UK PENSION FUND
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 five-year period from the date of certification. The Trustees are responsible for preparing a revised schedule no later than 30 June 2023.

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. Until 31 March 2020, 32.2%, and then with effect from 1 April 2020, 39.1% of *Covered CARE Earnings*;
less any Employee Contributions as set out in paragraph 5a*;
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 H1(a) (iii).

c. In respect of a *Contributor* in *Pensionable UCA 5% LPI Care Buyback Service*, such additional amounts as equate to the *5% LPI CARE Buyback Contributions* that would have been payable by the *Contributor* if he or she had been a *5% LPI CARE Contributor* not in *Pensionable UCA 5% LPI Care Buyback Service* (such amounts currently being 5.3% of *Covered CARE Earnings*);

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 Trustees 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.

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

The *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.

5. 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* or who have completed 40 years or 45 years Pensionable Service (which ever applies to the member in question)) , 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 Trustees under Part D Rule C1(a);
b. An additional 5.3% of *Covered CARE Earnings* (or such other additional amounts as may be specified in accordance with Part D C1A(b)(iii)) for *5% LPI 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, 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*.

The *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*

Sagar Padhiar
Attorney 13 December 2019

Note: Unilever PLC is acting as the representative of all *Employers* in this matter.

Signed on behalf of Unilever UK Pension Fund Trustees Limited

Andy Rowell
Secretary 12 December 2019

UNILEVER UK PENSION FUND
ACTUARIAL CERTIFICATES

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 2019 to continue to be met for the period for which the schedule is in force.

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 13 December 2019.

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.

Signature:		Date:	17 December 2019
Name:	Richard Whitelam	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	122 Leadenhall Street London, EC3V 4AN	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 2019 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 13 December 2019.

Signature		Date	17 December 2019
Name	Richard Whitelam	Qualification	Fellow of the Institute and Faculty of Actuaries
Address:	The Aon Centre The Leadenhall Building 122 Leadenhall Street London, EC3V 4AN	Name of Employer	Aon Hewitt Limited

UNILEVER UK PENSION FUND
MEMBERSHIP STATISTICS

	2019/20	2018/19
Active members		
Career average active members at 1 April	6,470	6,734
Adjustments from opening position[2]	(47)	56
New members	612	695
Members leaving service taking a refund of contributions	(77)	(64)
Member leaving service and preserving benefits	(622)	(795)
Retirements at or before normal retirement age	(169)	(122)
Deaths	(5)	(8)
Other terminations/Cessations	(8)	(26)
Number at 31 March	**6,154**	**6,470**

	2019/20	2018/19
Deferred pensioners[1]		
Deferred pensioners at 1 April	28,757	29,037
Adjustments from opening position[2]	(180)	(110)
New leavers with preserved benefits	622	795
Transfers out	(130)	(169)
Retirements	(683)	(659)
Deaths	(39)	(40)
Other terminations/cessations[3]	(66)	(97)
Number at 31 March	**28,281**	**28,757**

	2019/20	2018/19
Pensioners[1]		
Pensioners at 1 April	39,242	39,685
Adjustments from opening position[2]	260	186
New retirements	852	781
New spouses	466	432
New dependants	5	6
New children	9	26
Deaths	(1,968)	(1,816)
Termination of child pensions	(11)	(9)
Other terminations/cessations[3]	(25)	(49)
Number at 31 March	**38,830**	**39,242**

[1] Includes members with Final salary benefits, Career average benefits, or both.
[2] These relate to movements with an effective date before 1 April but processed after the financial statements for last year were finalised.
[3] Retiring members taking full commutations of benefits.

As at 31 March 2020 there were 4,446 actively contributing members and 2,820 deferred members (2019: 4,418 active and 2,781 deferred) with Investing plan accounts with Fidelity. These are not additional members - they will also have DB membership.