



Summary Funding Statement

31 March 2023



Unilever

Unilever
UK
Pension
Fund

Every year the Trustees of the Unilever UK Pension Fund (the Fund) publish a Summary Funding Statement to tell you about the Fund's funding position. The Statement tells you how much money has built up in the defined benefit (DB) section of the Fund.

Our last statement explained the funding position following the 31 March 2022 valuation (a valuation takes place every three years).

This Statement reports the results of the 31 March 2023 annual funding update (an annual funding update takes place in years when a formal valuation is not carried out).

On 31 March 2023 the Fund had more assets than liabilities. Assets are the value of the Fund's investments, and liabilities are the amount needed to pay the benefits promised to members. Because there were more assets than liabilities, the Fund is in surplus, so it's in a good position to pay the benefits promised to members, both now and in the future.

What this document tells you

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- How we set the funding target
- How we measure the funding level
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The details of the Fund's position

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- Our long-term funding target
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Where to go to find out more

- Detailed information on the Fund's finances
- How the Fund works

How we assess the Fund's position

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

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

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

How we set the funding target

We work with Unilever to agree how we measure the Fund's liabilities known as the 'technical provisions'. This is the way that we are expected to calculate the liabilities in a valuation year. But it's just one of the ways that we can use.

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

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

It's also useful to look at other measures when calculating the Fund's liabilities. So we have also set an additional long-term funding target using a lower-risk basis to measure our liabilities. You can read more about this target on page 8.

How we measure the funding level

To assess the funding level, our Fund actuary compares the value of the Fund's assets with the liabilities.

What we expect from Unilever

The Fund relies on Unilever to:

- pay regular contributions to cover its share of the cost of benefits that members build up in the future
- help to cover the expenses of running the Fund each year
- agree to a recovery plan in the event that our actuary reports a deficit on a technical provisions basis (not enough money to pay the benefits promised) at a valuation

The last valuation at 31 March 2022 continued to show a surplus which means there was no need for a recovery plan.

The details of the Fund's position

The key figures and how they compare to the year before

On 31 March 2023, the Unilever UK Pension Fund had a surplus of £0.9 billion - on a technical provisions basis. This equates to a funding level of 113%. The funding level remains unchanged from 31 March 2022 when we reported the results of the last three yearly actuarial valuation:

	31 March 2023		31 March 2022
Assets	£7.7 billion	Assets	£10.9 billion
Liabilities	£6.8 billion	Liabilities	£9.7 billion
Assets minus liabilities	£0.9 billion surplus	Assets minus liabilities	£1.3 billion surplus
Assets as a percentage of liabilities	113% funding level	Assets as a percentage of liabilities	113% funding level

Why has the surplus decreased?

The surplus is the difference between the assets and the liabilities. The Fund aims to invest in assets that move in a similar way to the liabilities to maintain the funding level. Over the last year both the assets and liabilities have decreased by the same amount.

This means the funding level has stayed the same even though the surplus has decreased.

The funding level if the Fund had closed on 31 March 2023

By law, we also have to estimate what our liabilities would be if the Fund closed, and we paid an insurance company to take on the responsibility of paying each member their pension instead. This is called the solvency position. This does not mean that Unilever is thinking of doing this. It just helps to give a fuller position of the Fund's position.

If the Fund had closed on the 31 March 2023, the actuary estimated that we would have had to pay an insurance company £8.2 billion to provide all the benefits in full. This would have meant that the Fund had a solvency deficit of £0.5 billion equal to a solvency funding level of 95%.

This was an improvement from the solvency funding level at the last formal valuation at 31 March 2022 of 93%.

Long term funding target

As well as the technical provisions funding level, we have also agreed with Unilever to use an additional lower-risk basis to measure our liabilities - called the 'low employer dependency' basis.

The Fund's long term funding target is to remain at or above 105% of the low employer dependency basis. As at 31 March 2023 the Fund was 106% funded on the low employer dependency basis. This was an improvement from 105% at 31 March 2022.

What's happened since the last statement

We haven't paid Unilever any money from the Fund

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

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

The Pensions Regulator has a number of powers over pension funds like ours. It can tell us to change the way future benefits build up, change the way our funding target is worked out, or change the amount Unilever contributes to the Fund.

Legally, we have to tell you if the Pensions Regulator has used any of these powers in relation to the Fund. It has not.

Task Force on Climate-Related Financial Disclosures (TCFD)

We seek to ensure that the businesses in which we invest provide necessary climate-related financial information according to the TCFD's recommendations. Our TCFD statement contains more information on how we aim to achieve this. Our latest TCFD Statement is available to read and download at unileverpensionhub.co.uk/tcfd. Alternatively a hard copy of our latest TCFD statement can be provided on request.

Where to go to find out more

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

Read and download the Annual Report and Financial Statements at unileverpensionhub.co.uk/annual-report-2023

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

Visit unileverpensionhub.co.uk to find out more about how the DB Career average, DC Investing and Final Salary pension plans work.

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

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