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 DB sections of the Fund are:

- The Final salary plan, closed to all members from 1 July 2012, and
- The Career average plan, closed to new entrants from 1 October 2021.

Defined Contribution section membership was available from 1 January 2008, allowing members of the DB sections to top up their DB benefits. From 1 October 2021 the section was expanded to allow for membership on a DC only basis as well i.e. for employees not currently building up DB benefits. Given that there are different types of members of this section, for ease throughout this statement we refer to there being two "plans":

- The "Investing plan" – for members who built/are building up benefits in the DB section at the same time as the DC section and members who opted out of the DB section on/after 30 September 2021, remained in relevant employment and built up/are building up benefits in just the DC section, and
- The "Retirement Savings plan" – for members of the DC section who are not classed as Investing plan members. These are mostly new hires from 1 October 2021.

The Fund's DC section 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 DC section 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 DC section. Where a member with "legacy" AVCs has chosen to invest their funds in the same funds offered by the DC section, although they are not Investing plan members everything in this statement that refers to the Investing plan applies to them (including the Investing plan value for members section below).

This statement, which covers the period from 1 April 2022 to 31 March 2023, is only about the Fund's DC arrangements – it covers the Fund's DC section administered by Fidelity Investments Life Insurance Limited ('Fidelity') and the Fund's various legacy AVC arrangements which are held with a number of other 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:

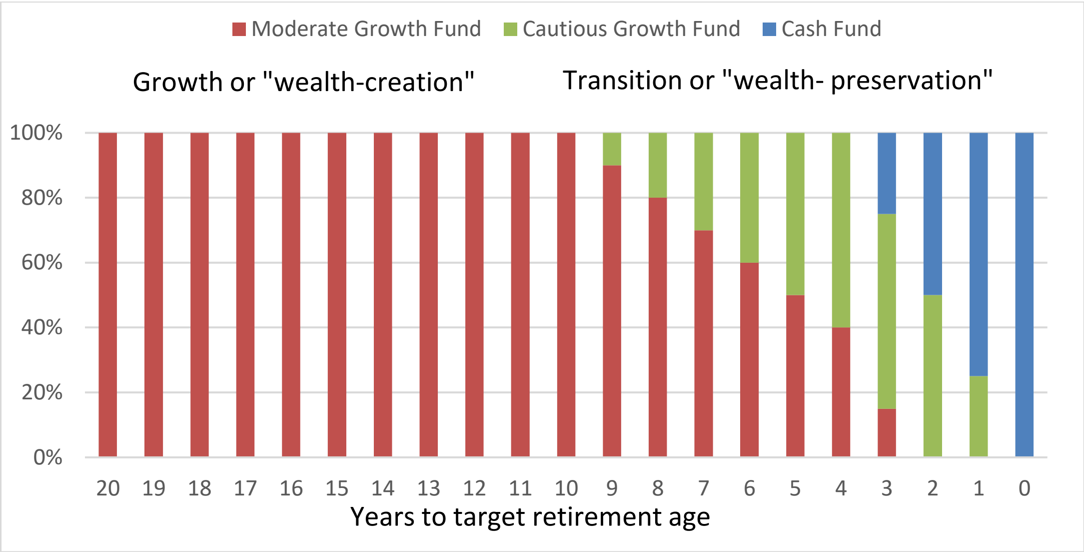
- have designed a default investment strategy that is in the members' interests and keep it under regular review;
- ensure that core financial transactions are processed promptly and accurately;
- have assessed the value of costs and charges borne by scheme members; and
- ensure Trustee Knowledge and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

The default investment strategies

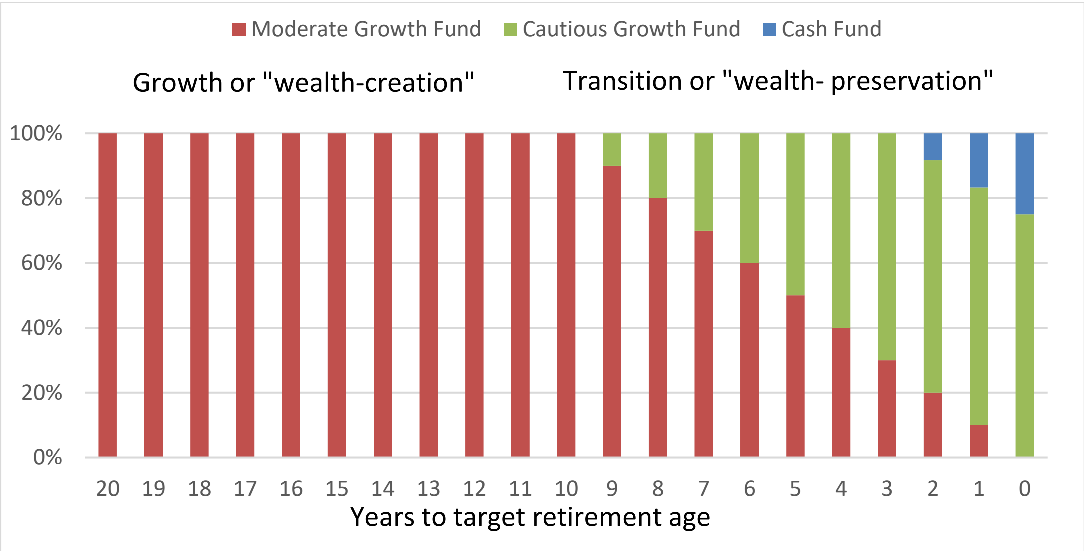
The Fund is used as a 'qualifying scheme' for auto-enrolment. The Investing plan and the Retirement Savings plan have a range of funds in which members can choose to invest, including a default investment strategy. Members who do not actively choose funds to invest in are placed in a default investment strategy which, for both the Investing plan and Retirement Savings plan are lifestyle arrangements with three funds: the Moderate Growth Fund, the Cautious Growth Fund and the Cash Fund. The Statement of Investment Principles for the default strategies ('Default SIP') attached as Appendix 1 gives more information about the default strategies. There is no default strategy associated with the legacy AVC arrangements.

The following graphs show the investment glidepaths of the default investment strategies:

Investing plan



Retirement Savings plan



DC section review (including the review of the default arrangements and their performance for the Investing plan and the Retirement Savings plan)

The Trustees review their aims, objectives and policies in relation to the funds available in the Investing plan and the Retirement Savings plan, including the default investment strategies, and the performance of default investment strategies, at least every three years.

The most recent full review of the Investing plan default strategy and the performance of this default arrangement took place in 2022 and was completed on 8 December 2022.

As part of the review the Trustees considered, among other things, the interests of members, the risk and return profile, fees and the performance of the default arrangements against its aims and objectives. As a result of the review, after considering the advice from a professional investment consultant, the Trustees reached the following conclusions:

- the current fund choices and their objectives remain appropriate for both the Investing plan and Retirement Savings plan members
- the current automatic switching facilities and default arrangements remain appropriate for both the Investing plan and Retirement Savings plan members

- the existing asset allocations should be retained for all funds except for the Real Return fund where it was agreed that the asset allocation should be adjusted to 30% Global Property, 40% Index Linked Gilts and 30% Infrastructure Equity

The following changes to the underlying funds making up the default investment strategies were also agreed:

- replacement of the manager of the developed equity allocation in the Global Equity Fund to improve manager diversification, risk profile and sustainability characteristics of the DC equity structure. This change impacts the Moderate Growth and Cautious Growth Funds.
- replacement of the Cash fund manager to increase opportunity set and portfolio liquidity. This change impacts the Cautious Growth Fund and the Cash Fund.

These changes were aimed at offering members better risk adjusted returns. The transfer of assets required to implement these changes took place in August 2023 and was completed successfully on 22 August 2023.

Changes to the Default SIP were approved on 7 August 2023 to reflect the changes to the default arrangements made as noted above. The Default SIP attached to this statement was approved again with no changes on 18 October 2023.

The next full review of both the Investing plan and Retirement Savings plan default strategies and the performance of those default arrangements will take place by 2025.

In addition to the processes described above, the Trustees also monitor the performance of the funds in the default arrangements on a quarterly basis. Based on the monitoring conducted during the Scheme year the Trustees are satisfied that the funds in the default arrangements were performing broadly as expected and consistent with their aims and objectives.

The Trustees are satisfied that the objectives of the funds making up the default investment strategies are being met, which is demonstrated by the table shown below.

Fund	Objective aim	1 year net return to 31 March 2023	3 year net return to 31 March 2023 (p.a.)	5 year net return to 31 March 2023 (p.a.)	Net return since launch* to 31 March 2023 (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)	-6.0%	11.3%	5.3%	5.7%
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)	-11.4%	2.5%	1.9%	4.5%
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	2.1%	0.6%	0.6%	0.7%

* The launch date for the Moderate Growth Fund and the Cautious Growth Fund was 7 December 2007 and for the Cash Fund was 14 January 2008.

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 DC section; 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.

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 and Retirement Savings plan by the payroll provider and the contributions reported as being received by the Investing plan and Retirement Savings 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 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.

The Trustees are satisfied that core financial transactions were processed promptly and accurately during the Fund year.

Charges and transaction costs

This section covers charges and transaction costs applicable to the default investment strategies under the Fund and the self-select funds available in the Investing plan and the Retirement Savings plan. Charges and transaction costs for the Legacy AVCs and the additional automatic switching facilities available in the Investing plan and the Retirement Savings plan are included in Appendix 2. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.

Investing plan and Retirement Savings plan

Each fund available in the Investing plan and Retirement Savings plan carries a 'total charge', which includes an investment management charge, as well as the costs of administering the plans. 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.

The table below sets out the TERs that applied to the Investing plan and Retirement Savings plan funds in the default arrangements and the self-select funds during the Fund year to 31 March 2023:

Fund	**Charge during the Fund year to 31 March 2023**
Moderate Growth Fund*	0.403%
Cautious Growth Fund*	0.350%
Cash Fund*	0.150%
Bond Fund	0.205%
Global Equity Fund	0.341%
Emerging Markets Fund	0.350%
Real Return Fund	0.200%

*The three funds together are used in the default automatic switching facilities for both the Investing plan and the Retirement Savings plan. 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 and Retirement Savings 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 cost method can be negative as well as positive.

Fund	**Transaction Costs to 31 March 2023**
Moderate Growth Fund	-0.06%
Cautious Growth Fund	0.01%
Cash Fund	0.00%
Bond Fund	0.01%
Global Equity Fund	-0.23%
Emerging Markets Fund	-0.04%
Real Return Fund	0.15%

Default automatic switching facilities – variation of charges and transaction costs

The default automatic switching facilities for the Investing plan and the Retirement Savings plan have been set up as lifestyle approaches, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. In both default arrangements members are invested with a 100% allocation to the Moderate Growth Fund whilst they are at least 10 years from the target retirement date. As the member approaches retirement, assets are gradually moved to the Cautious Growth Fund, and then the Cash Fund as demonstrated in the flightpath graphs in the section "The default investment strategies" above.

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 2023 (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 below at various points in the default arrangements. Details of cost and charges for the additional automatic switching facilities available in the Investing plan and the Retirement Savings plan are included in Appendix 2.

Investing plan

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Cautious Growth Fund	0.387%	-0.04%
4 years	40% Moderate Growth Fund 60% Cautious Growth Fund	0.371%	-0.02%
2 years	50% Cautious Growth Fund 50% Cash Fund	0.250%	0.01%
At retirement	100% Cash Fund	0.150%	0.00%

Retirement Savings plan

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Cautious Growth Fund	0.387%	-0.04%
4 years	40% Moderate Growth Fund 60% Cautious Growth Fund	0.371%	-0.02%
2 years	20% Moderate Growth Fund 71.67% Cautious Growth Fund 8.33% Cash Fund	0.344%	0.00%
At retirement	75% Cautious Growth Fund 25% Cash Fund	0.300%	0.01%

Net investment returns

This section states the annual return, after the deduction of member borne charges and transaction costs, for all default arrangements and investment options that members are able, or were previously able, to select and in which members' assets were invested during the Scheme year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance. Figures have been calculated in accordance with DWPs statutory guidance and are annual geometric averages.

For the arrangements where the investment returns vary with age, such as for the default strategies and for the alternative lifestyle strategies, the investment returns are shown over various periods to the end of the Scheme year for a member aged 25, 45 and 55 at the start of the period.

Members should remember that the Retirement Savings plan only launched in October 2021 and as such, the figures below are illustrative and show how the default strategy might have performed if it had been available for the periods shown. The illustrative calculations have been possible as the funds that are used in the default arrangement for the Retirement Savings plan are the same as the funds used in the Investing plan default arrangement and the net returns since launch for those funds are known.

Investment performance for self-select funds and other automatic switching facilities available in the Investing plan and the Retirement Savings plan and the performance of the Legacy AVC funds are shown in Appendix 3.

Investing plan default strategy - Moderate Growth to Cash

Age at start of investment period	Annualised net returns to 31 March 2023			
	1 year	3 years (p.a.)	5 years (p.a.)	Since launch* (p.a.)
25	-6.0%	11.3%	5.3%	5.7%
45	-6.0%	11.3%	5.3%	Not readily available
55	-6.0%	10.7%	4.2%	Not readily available

Retirement Savings plan default strategy – Moderate Growth to Targeting Flexibility

Age at start of investment period	Annualised net returns to 31 March 2023			
	1 year	3 years (p.a.)	5 years (p.a.)	Since launch* (p.a.)
25	-6.0%	11.3%	5.3%	5.7%
45	-6.0%	11.3%	5.3%	Not readily available
55	-6.0%	10.7%	4.2%	Not readily available

* The launch date for the Moderate Growth Fund and the Cautious Growth Fund was 7 December 2007 and for the Cash Fund was 14 January 2008.

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 for Work and 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 £100,000 has the equivalent purchasing power to that of £100,000 today, assuming inflation at 2.5% p.a.

Illustrations have been prepared for the following investments in line with the guidance provided by the Department for Work and Pensions:

- Default investment strategy;
- Fund with the highest charges (Moderate Growth Fund); and
- Fund with the lowest charges (Cash 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 1% for Investing plan members (where paid). This rate is an approximate rate derived on the basis that only the members' Additional Voluntary Contribution amounts increase at 2.5% p.a. and the Company contribution will stay level.
- Contributions assumed to increase at 2.5% p.a. for Retirement Savings plan members (where paid).
- The youngest member is aged 20 in the Investing plan and 18 in the Retirement Savings plan).
- The estimated growth rates that have been used are consistent with the approach used in the production of annual benefit statements.

- The default investment strategy projected growth rates vary with age, given that the strategies' asset allocations change over the 10 years prior to age 65. The following are examples of the average growth rates and costs and charges used over the period to age 65:

Age	Investing plan			Retirement Savings plan		
	Average growth rate (before charges) (p.a.)	Average TER (p.a.)	Average transaction cost (p.a.)	Average growth rate (before charges) (p.a.)	Average TER (p.a.)	Average transaction cost (p.a.)
18	N/A	N/A	N/A	4.98%	0.40%	0.023%
20	4.90%	0.39%	0.022%	N/A	N/A	N/A
25	4.88%	0.38%	0.022%	4.98%	0.39%	0.023%
35	4.85%	0.38%	0.021%	4.97%	0.39%	0.023%
45	4.77%	0.36%	0.021%	4.96%	0.38%	0.024%
55	4.54%	0.33%	0.020%	4.92%	0.37%	0.025%

- The projected growth rate and cost and charge assumptions for the funds in the default strategies for both the Investing plan and the Retirement Savings plan are as follows:

Fund	Growth rate (before charges) (p.a.)	TER (p.a.)	Transaction cost (p.a.)
Cash Fund	1.9%	0.150%	0.00%
Moderate Growth Fund	5.0%	0.403%	0.02%
Cautious Growth Fund	5.0%	0.350%	0.03%

While illustrations for a variety of accumulated fund values and contribution amounts are shown, in practice, the membership profiles of the Investing plan and Retirement Saving plan are 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 Expense Ratios 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.

Investing plan

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 20)	45	2,300	2,200	143,842	127,874	11.10%
B (Age 25)	40	2,800	4,100	223,633	202,026	9.66%
C (Age 35)	30	14,900	5,400	224,951	208,273	7.41%
D (Age 45)	20	36,200	6,200	194,469	184,315	5.22%
E (Age 55)	10	53,400	7,500	143,201	139,377	2.67%
F (Age 45)	20	20,000	0	30,970	28,707	7.31%
G (Age 55)	10	33,400	0	40,644	39,236	3.46%

Moderate Growth Fund (highest charges)

				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 20)	45	2,300	2,200	144,460	128,310	11.18%
B (Age 25)	40	2,800	4,100	224,484	202,633	9.73%
C (Age 35)	30	14,900	5,400	226,841	209,715	7.55%
D (Age 45)	20	36,200	6,200	197,524	186,769	5.44%
E (Age 55)	10	53,400	7,500	146,640	142,260	2.99%
F (Age 45)	20	20,000	0	32,385	29,859	7.80%
G (Age 55)	10	33,400	0	42,501	40,810	3.98%

Cash Fund (lowest charges)

				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 20)	45	2,300	2,200	64,129	61,861	3.54%
B (Age 25)	40	2,800	4,100	110,835	107,387	3.11%
C (Age 35)	30	14,900	5,400	131,167	127,929	2.47%
D (Age 45)	20	36,200	6,200	132,722	130,278	1.84%
E (Age 55)	10	53,400	7,500	117,696	116,459	1.05%
F (Age 45)	20	20,000	0	17,784	17,268	2.90%
G (Age 55)	10	33,400	0	31,496	31,035	1.46%

Retirement Savings plan

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	1,100	3,000	262,008	234,164	10.63%
B (Age 25)	40	3,600	5,600	381,562	347,208	9.00%
C (Age 35)	30	4,900	8,200	366,341	342,030	6.64%
D (Age 45)	20	9,000	9,700	260,568	249,073	4.41%
E (Age 55)	10	4,400	6,500	78,106	76,438	2.14%
F (Age 45)	20	400	0	643	594	7.62%
G (Age 55)	10	8,800	0	11,115	10,700	3.74%

Moderate Growth Fund (highest charges)

				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	1,100	3,000	262,088	234,175	10.65%
B (Age 25)	40	3,600	5,600	381,718	347,243	9.03%
C (Age 35)	30	4,900	8,200	366,515	342,068	6.67%
D (Age 45)	20	9,000	9,700	260,768	249,133	4.46%

E (Age 55)	10	4,400	6,500	78,196	76,462	2.22%
F (Age 45)	20	400	0	648	597	7.87%
G (Age 55)	10	8,800	0	11,198	10,752	3.98%

Cash Fund (lowest charges)

				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	1,100	3,000	122,542	118,555	3.25%
B (Age 25)	40	3,600	5,600	200,039	194,399	2.82%
C (Age 35)	30	4,900	8,200	226,895	222,007	2.15%
D (Age 45)	20	9,000	9,700	188,800	185,982	1.49%
E (Age 55)	10	4,400	6,500	66,503	65,990	0.77%
F (Age 45)	20	400	0	356	345	3.09%
G (Age 55)	10	8,800	0	8,298	8,177	1.46%

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, Barnett Waddingham, 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 2022-23 Scheme 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:
    - administration service quality;

The Barnett Waddingham assessment of value for members advised that the Trustees can rate the Investing plan and Retirement Savings plan overall as excellent value in relation to member borne costs and charges when considering the areas above. In doing so, Barnett Waddingham benchmarked the Scheme's 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. Barnett Waddingham also considered the likelihood of the funds achieving their objectives in future years.

Legacy AVCs

A smaller number of members (less than 325) of the UUKPF have DC funds remaining in the legacy AVC arrangements that are invested in different funds to those used by the Investing plan or Retirement Savings plan. These legacy 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. Overall Barnett Waddingham concluded that given the size and nature of the unit-linked legacy AVC arrangements and the charges payable by members, they provide reasonable value for members, albeit the charges payable in some cases are higher than would be expected in a modern DC arrangement like the Investing plan. It is noted that this assessment is necessarily less comprehensive than the detailed assessment conducted in relation to the Investing plan and Retirement Savings 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 detailed comparability with other legacy AVC arrangements

Few alternative providers of AVC arrangements would be able or willing to quote 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:

- The cash deposit funds available have no explicit charges and offer a low interest rate, if any, net of implicit charges. A capital guarantee is given which some members value. Given this guarantee, these options appear to offer reasonable value. 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 do regularly write to members with unit-linked funds to provide information on the funds they are in and those offered by the Investing plan, which the Trustees believe offer good value. The option for members to move their unit-linked funds into the funds in the Investing plan range remains open.

As noted above, Barnett Waddingham concluded that the legacy AVC arrangements provide reasonable value for members. The option for members to move their funds into funds offered by the Investing Plan remains open.

Overall Conclusion

The Trustees agreed with Barnett Waddingham's 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 excellent value for members. 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 and Retirement Savings 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 and Retirement Savings 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 Fund's 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; and

- 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, the principles relating to the funding and investment of the assets of occupational pension schemes and the identification, assessment and management of risks and opportunities arising to occupational pensions schemes from the effects of climate change, including arising from steps taken because of climate change.

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 Company on the following aspects:

- An introduction to the UUKPF, its structure and key benefits;
- Overview of the role of a Trustee and the Fund;
- Pensions and trust law as it relates to the Fund;
- Funding of the Fund;
- Investment of assets and Investment strategy of the Fund;
- Risk management of the Fund;
- Climate change considerations, and
- Employer Covenant.

In addition, Trustees are enrolled onto an externally run introductory one or two-day course.
New Trustees must complete both the induction programme and 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, two new Trustee Directors were appointed, and they completed their induction programmes within the first six months of their appointment.

After one year

After 12 months in office, Trustees complete a self-assessment of 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. Should any gaps in knowledge be identified, Trustees will be asked to refresh their knowledge by using TPR's toolkit and if a Trustee then needs further help, individual training plans will be put in place, following a conversation with a member of the UUKP team. If no gaps are identified, Trustees will be asked to raise with UUKP any knowledge areas they wish to improve/know more about e.g. to help improve their effectiveness on their Committee, or due to a particular Board priority that year that they feel they need help understanding more about. If any topics for individuals are identified, UUKP will assist them in developing that knowledge.

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 regularly carry out reviews of the policies to ensure they remain appropriate.

The Trustees are 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. 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 Trustee 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 Trustee 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 Trustee Board as a whole; and ongoing training during Trustee Board meetings. During the year, training sessions were held on the following subjects:

- Triennial valuation
- Long term funding target and the ultimate end point strategy
- Manager evaluation framework (DC Committee only)
- Cyber security
- DB investment: LDI and hedging
- Understanding the impact of member choices
- Sponsor covenant
- DB asset allocation (Investment and Funding Committee only)
- Investment beliefs
- Pension scams (Appeals and Discretions Committee only)
- Univest Equity Funds and Infrastructure investments (DC Committee only)

The skills, experience and external support for the Board

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

The Trustee 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 Trustee Board meeting and the Investment and Funding Committee. Unilever's in-house pensions team provides the Trustee 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 Trustee 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 advisers (e.g. investment consultants, legal advisers), 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 Trustee Board remains appropriate, and the scheme continues to be properly run the Trustees appointed an external facilitator in 2021 to carry out a review of their effectiveness. The review concluded that the governance was strong and the small enhancements, including adjusting the structure of Board agendas to allow greater time for discussion of strategic matters whilst reducing the length of meetings, have been implemented. The next review is due to commence in late 2024.

Approval of Defined Contribution Annual Statement

The Defined Contribution Annual Statement was approved by the Chair at the meeting of the Board on the 18 October 2023.

Virginia Holmes

Chairman, Unilever UK Pension Fund Trustees Limited

30 October 2023

Appendix 1

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 options under the Defined Contribution (DC) Section of the Unilever UK Pension Fund.

2. Aims and objectives underlying the Default Investment Arrangements

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. 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 default investment options and specifies the investment objective that comprises its key components. There are two default investment options, depending on whether the member is a DB Retirement Account Member ("hybrid") (generally with both DB and DC benefits), or a DC Retirement Account member ("DC only"). The Trustees usually refer to hybrid members as Investing plan members and the DC only members as Retirement Savings plan members. Consistent with the Fund objective the default investment options chosen by the Trustees aim 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. The ultimate objective is that funds at retirement are invested in assets broadly appropriate for an individual withdrawing the funds as cash for hybrid members, and that funds are invested in assets broadly appropriate for an individual planning to draw down their retirement income over time for DC only members. There are three component funds in the default strategies: 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.
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

Fund	Investment Objectives	Policy in relation to investments
		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 arrangements:

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

  The growth phase structure for both default arrangements 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. For hybrid members, during the last 4 years before retirement age, funds are switched into the Cash Fund. For DC only members, during the last 3 years before retirement age, 25% of funds are switched into the Cash.

- To invest members' accounts at retirement in assets that are broadly appropriate considering the likely form in which they will draw benefits. This assumes that hybrid members will likely withdraw funds at retirement as cash, whereas DC only members will likely draw down their retirement income over time.

  At age 65, for hybrid members, 100% of the member's assets will be invested in the Cash Fund reflecting the fact that most members will have acquired significant DB (Defined Benefit) rights (relative to their DC benefits) and will therefore wish to use their account to provide cash rather than additional income. At age 65, for DC only members, 75% of the member's assets will be invested in the cautious growth fund, with 25% invested in the Cash Fund. This reflects the fact that most of these members will likely want to transfer out of the UUKPF and keep their account invested while drawing an income from it over time, 25% of which would be as tax free cash.

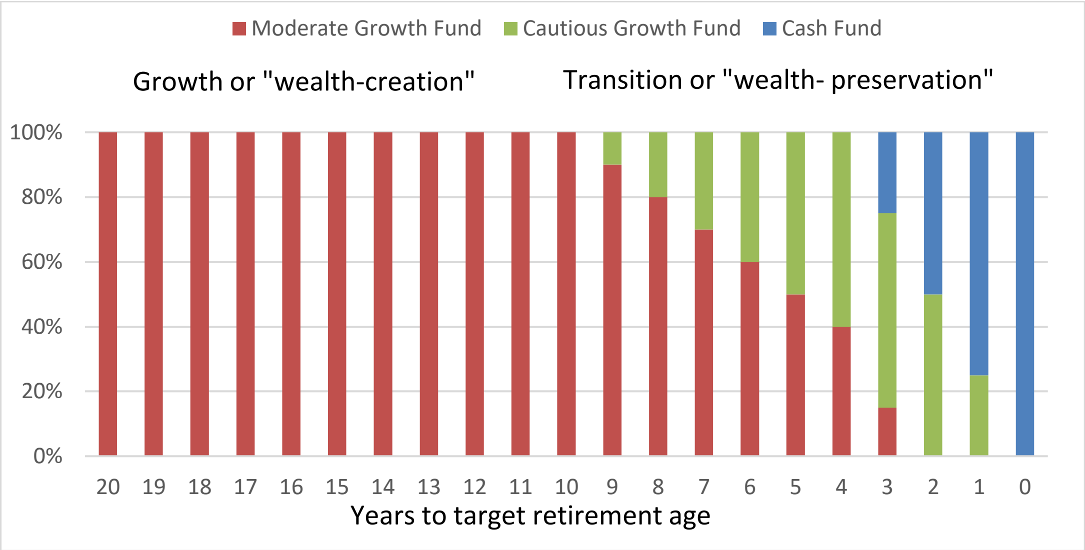
- To achieve a market return, subject to fees, broadly equivalent to the composite benchmark (for each Default Fund) which is comprised of the indices of each of the underlying sub funds as outlined in section 8.

The Trustees monitor market performance on a quarterly basis.

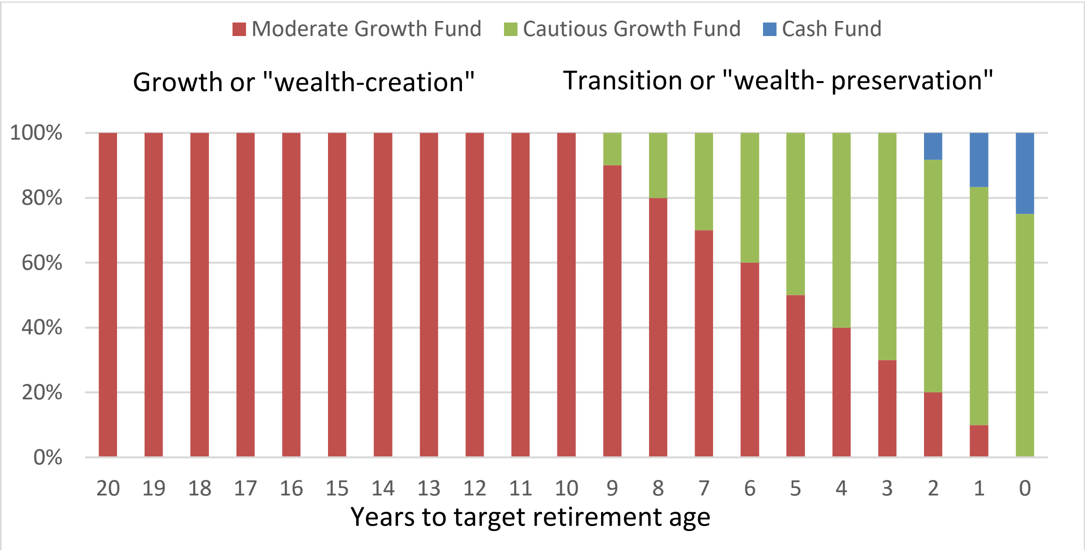
3. Investments

Members within the default arrangements 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 matrices below.

Hybrid



DC Only



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 arrangements, 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 automatic switching arrangements, including the default investment arrangements, 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.

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:

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 assets are invested in pooled funds but the Trustees require all equity managers to have a Sustainability 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 Sustainability factors, including climate change considerations. Fixed income managers must also take Sustainability risk factors into account when appropriate.

The Trustees have developed Sustainable Equity funds, which are aligned with the Trustee's Sustainability policy. Due to the importance of Sustainability, these have been included within the default investment option and provides all of the Fund's Global Developed Equity holdings.

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

6. Other policies in relation to the default investment arrangements

The Trustees believe that both actively and passively managed funds have a role to play. Active managed funds are utilised to the extent that 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 arrangements 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 administration. The selection, retention and realisation of assets within the pooled funds are delegated to the investment managers 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 arrangements is shown below in section 8.

7. Suitability of the default investment arrangements

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

- Most hybrid members who retire withdraw their account as tax free cash, reflecting the fact that their 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.
- However, for DC only members, the DC benefits will likely provide the majority of their retirement income. They are therefore expected to draw down a retirement income over time.
- Modelling of future outcomes suggests that hybrid members will be able to withdraw a significant proportion of their account as tax free cash over the long-term. Market studies of member behaviour show that DC Only members commonly draw 25% of their benefits as tax free cash at retirement.
- 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, 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 arrangements remain suited to member needs. We also review the investment choices available to members to ensure that those who regard the default arrangements 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 (developed market multi-factor ESG)		*46.4%*
Global Equity (developed market Active ESG)		*11.6%*
Emerging Market Equity (Passive Aquila Connect)		*6.0%*
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 (developed market multi-factor ESG)		*21.6%*
Global Equity (developed market Active ESG)		*5.4%*
Emerging Market Equity (Passive Aquila Connect)		*3.0%*
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%**	

Appendix 2

Charges and transaction costs not covered elsewhere

Investing plan and Retirement Savings plan automatic switching facilities- *variation of charges and transaction costs*

Moderate growth to annuity (Investing plan only)

Years to target retirement date	**Weighting of funds**	**TER**	**Transaction costs**
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Bond Fund	0.344%	-0.04%
4 years	40% Moderate Growth Fund 60% Bond Fund	0.284%	-0.02%
2 years	20% Moderate Growth Fund 80% Bond Fund	0.245%	0.00%
At retirement	100% Bond Fund	0.205%	0.01%

Cautious growth to annuity (Investing plan only)

Years to target retirement date	**Weighting of funds**	**TER**	**Transaction costs**
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	70% Cautious Growth Fund 30% Bond Fund	0.307%	0.01%
4 years	40% Cautious Growth Fund 60% Bond Fund	0.263%	0.01%
2 years	20% Cautious Growth Fund 80% Bond Fund	0.234%	0.01%
At retirement	100% Bond Fund	0.205%	0.01%

Cautious growth to cash (Investing plan and Retirement Savings plan)

Years to target retirement date	**Weighting of funds**	**TER**	**Transaction costs**
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	100% Cautious Growth Fund	0.350%	0.01%
4 years	100% Cautious Growth Fund	0.350%	0.01%
2 years	50% Cautious Growth Fund 50% Cash Fund	0.250%	0.01%
At retirement	100% Cash Fund	0.150%	0.00%

Cautious growth to flexibility (Investing plan and Retirement Savings plan)

Years to target retirement date	**Weighting of funds**	**TER**	**Transaction costs**
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	100% Cautious Growth Fund	0.350%	0.01%
4 years	100% Cautious Growth Fund	0.350%	0.01%
2 years	92% Cautious Growth Fund 8% Cash Fund	0.334%	0.01%
At retirement	75% Cautious Growth Fund 25% Cash Fund	0.300%	0.01%

Moderate growth to annuity (Retirement Savings plan only)

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Moderate Growth Fund	0.403%	-0.06%
7 years	70% Moderate Growth Fund 30% Bond Fund	0.344%	-0.04%
4 years	40% Moderate Growth Fund 60% Bond Fund	0.284%	-0.02%
2 years	20% Moderate Growth Fund 72% Bond Fund 8% Cash Fund	0.240%	0.00%
At retirement	75% Bond Fund 25% Cash Fund	0.191%	0.01%

Cautious growth to annuity (Retirement Savings plan only)

Years to target retirement date	Weighting of funds	TER	Transaction costs
10+ years	100% Cautious Growth Fund	0.350%	0.01%
7 years	70% Cautious Growth Fund 30% Bond Fund	0.307%	0.01%
4 years	40% Cautious Growth Fund 60% Bond Fund	0.263%	0.01%
2 years	20% Cautious Growth Fund 72% Bond Fund 8% Cash Fund	0.230%	0.01%
At retirement	75% Bond Fund 25% Cash Fund	0.191%	0.01%

Legacy AVCs charges and transaction costs

The data on charges and costs as at 31 March 2023 from the legacy AVC providers are shown below.

Investment 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, the 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.

The Total Expenses Ratio or ‘TER’ generally includes the AMC but also includes additional expenses incurred by the investment manager 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 or ‘ATC’ refers to all of the costs associated with trading (buying and selling) investments within an investment fund. 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 the bonus rate or interest rate declared. In some cases, the figures disclosed by providers are therefore estimates or illustrative in nature.

Additionally, some with-profits providers emphasise that deductions set aside to cover the cost of guarantees depend on factors such as the underlying investment performance and can therefore vary from year to year. The costs and charges can change over time in particular ATC 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 these transaction costs).

Prudential

Fund	Annual Management Charge	Total Expense Ratio	Aggregated Transaction Costs (p.a.) [2]
Discretionary Fund	0.75%	0.80%	0.09%
With-Profits Cash Accumulation Fund [1]	n/a	1.00%	0.20%

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 2023 benefit statements as an indication of the total charge that applies.
2. The transaction costs cover the year to 31 March 2023.

Standard Life

Fund	Annual Management Charge (p.a.)	Total Expense Ratio (p.a.) [1]	Aggregated Transaction Costs (p.a.)
Standard Life Annuity Targeting Pension Fund	0.50%	0.51%	0.08%
Standard Life Ethical Pension Fund	0.50%	0.51%	0.09%
Standard Life FTSE Tracker Pension Fund	0.50%	0.51%	0.03%
Standard Life Index Linked Bond Pension Fund	0.50%	0.51%	0.07%
Standard Life Managed Pension Fund	0.50%	0.52%	0.20%
Standard Life Mixed Bond Pension Fund	0.50%	0.51%	0.06%
Standard Life Overseas Equity Pension Fund	0.50%	0.51%	0.16%
Standard Life Property Pension Fund	0.50%	0.53%	0.18%
Standard Life UK Equity Pension Fund	0.50%	0.51%	0.16%
Standard Life UK Mixed Bond Pension Fund	0.50%	0.51%	0.09%
Pension Millennium With Profits Fund [2]	n/a	0.65%	0.03%
Pension With Profit Fund [2]	n/a	1.25%	0.05%
Pension 2 With Profits 2 Fund [2]	n/a	0.65%	0.03%

NOTES:
1. Annual Management Charges and Total Expense Ratios have been sourced from Standard Life fund factsheets as at 31 March 2023 and as per last year a 0.5% scheme discount has been applied to the AMC and TER.
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.

Utmost Life and Pensions

Fund	Annual Management Charge (p.a.) [1]	Aggregated Transaction Costs (p.a.)
North American	0.75%	0.06%
Asia Pacific	0.75%	0.36%
European	0.75%	0.07%
UK Government Bond	0.50%	0.26%
Global Equity	0.75%	0.10%
Investment Trusts	0.75%	0.42%
Managed Fund	0.75%	0.10%
Money	0.50%	0.01%
UK Equity	0.75%	0.28%
Property [2]	1.00%	0.16%
UK FTSE All Share	0.50%	0.08%

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 0.37% p.a. were incurred for the year ended 31 March 2023.

Fund	Annual Management Charge (p.a.) [1]	Total Expense Ratio [1]	Aggregated Transaction Costs (p.a.)
Clerical Medical With profits	0.50%	0..50%	0.33%

NOTES:
1. Charges are not explicit and are included in the declared bonus rates. The charges shown are indicative rates provided by Utmost.

Zurich

Fund	Annual Management Charge (p.a.)	Total Expense Ratio (p.a.)	Aggregated Transaction Costs (p.a.)
Aquila UK Equity Index ZP Fund	0.54%	0.60%	0.00%
American 2 EP Fund	0.90%	0.95%	0.40%
Asia 2 EP Fund	0.86%	0.96%	0.73%
BNY Mellon Managed Global Fund	0.45%	0.95%	0.11%
Equity Managed 2 EP Fund	0.71%	0.86%	0.59%
European 2 EP Fund	0.88%	0.94%	2.08%
Global Select 1 EP Fund	1.00%	1.08%	0.25%
Global Select 2 EP Fund	0.77%	0.85%	0.29%
Japan 2 EP Fund	0.88%	0.94%	0.45%
Long Dated Gilt 2 EP Fund	0.37%	0.52%	0.11%
Managed 2 EP Fund	0.63%	0.82%	0.37%
Property 2 EP Fund	0.30%	0.80%	0.22%
Secure 1 EP Fund	1.00%	1.07%	0.00%
Secure Cash 2 EP Fund	0.27%	0.34%	0.00%
UK Equity 2 EP Fund	0.65%	0.84%	0.17%
UK Preference and Fixed Interest 2 EP Fund	0.34%	0.48%	0.13%
UK Opportunities 2 EP Fund	0.75%	0.92%	0.08%
With-Profits PN 5 EP Fund	0.90%	0.90%	0.06%

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. This fund is invested in the Prudential With-Profits Fund and has aggregated transaction costs of 0.0% for the fund year ending 31 March 2023.
Santander	Cash deposit fund	Members in the Cash Deposit Fund are invested in cash and receive interest on a daily basis equivalent to 3.25% per annum as at 31 March 2023. 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.

Appendix 3

Net investment returns not covered elsewhere

Investing plan and retirement savings plan automatic switching facilities (non-default)

In addition to the two default options above, members of the Investing plan and the Retirement Savings plan have access to a further range of alternative lifestyle strategies.

Lifestyle strategy	Age at start of investment period	Annualised net returns to 31 March 2023			
		1 year	3 years (p.a.)	5 years (p.a.)	Since launch * (p.a.)
Moderate Growth to Annuity (IP version)	25	-6.0%	11.3%	5.3%	5.7%
	45	-6.0%	11.3%	5.3%	Not readily available
	55	-6.0%	9.7%	2.7%	Not readily available
Moderate Growth to Annuity (RSP version)	25	-6.0%	11.3%	5.3%	5.7%
	45	-6.0%	11.3%	5.3%	Not readily available
	55	-6.0%	9.7%	2.7%	Not readily available
Cautious Growth to Cash	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	2.5%	1.9%	Not readily available
Cautious Growth to Annuity (IP version)	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	1.6%	0.4%	Not readily available
Cautious Growth to Annuity (RSP version)	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	1.6%	0.4%	Not readily available
Cautious Growth to Targeting Flexibility	25	-11.4%	2.5%	1.9%	4.5%
	45	-11.4%	2.5%	1.9%	Not readily available
	55	-11.4%	2.5%	1.9%	Not readily available

* The launch dates for the funds used in the lifestyle strategies are 7 December 2007 for the Moderate Growth Fund, the Cautious Growth Fund and the Bond Fund and 14 January 2008 for the Cash Fund.

Investing plan and Retirement Savings plan self-select funds

Fund	Annualised net returns to 31 March 2023			
	1 year	3 years (p.a.)	5 years (p.a.)	Since launch* (p.a.)
Moderate Growth Fund	-6.0%	11.3%	5.3%	5.7%
Cautious Growth Fund	-11.4%	2.5%	1.9%	4.5%
Cash Fund	2.1%	0.6%	0.6%	0.7%
Bond Fund	-20.4%	-6.9%	-2.4%	4.0%
Global Equity Fund	-4.2%	15.2%	7.6%	9.8%
Emerging Markets Fund	-5.9%	7.4%	1.1%	4.3%
Real Return Fund	-14.5%	1.8%	2.2%	4.3%

* The launch dates for the full range of funds offered to members are 7 December 2007 for the Moderate Growth Fund, the Cautious Growth Fund and the Bond Fund, 14 December 2008 for the Cash Fund, 19 April 2012 for the Emerging Markets Fund and the Global Equity Fund and 25 September 2015 for the Real Return Fund.

Legacy AVC funds

Provider/Fund	Annualised net returns to 31 March 2023		
	1 year	3 years (p.a.)	5 years (p.a.)
Prudential			
Deposit Fund	2.1%	0.8%	0.8%
Discretionary Fund	-3.7%	9.4%	4.3%
With-Profits Cash Accumulation Fund	4.5%	6.9%	4.9%
Santander			
Cash Deposit Fund	1.36%	0.45%	0.37%
Standard Life			
Standard Life Annuity Targeting Pension Fund	-17.7%	-10.8%	-4.0%
Standard Life Ethical Pension Fund	-6.9%	6.4%	1.4%
Standard Life FTSE Tracker Pension Fund	1.9%	12.7%	4.0%
Standard Life Index Linked Bond Pension Fund	-30.6%	-11.1%	-5.1%
Standard Life Managed Pension Fund	-3.5%	7.1%	3.7%
Standard Life Mixed Bond Pension Fund	-13.3%	-6.6%	-2.4%
Standard Life Overseas Equity Pension Fund	-3.5%	12.6%	7.7%
Standard Life Property Pension Fund	-17.5%	1.0%	0.0%
Standard Life UK Equity Pension Fund	0.7%	12.6%	2.6%
Standard Life UK Mixed Bond Pension Fund	-13.7%	-6.8%	-2.5%
Pension With Profit Fund	Annual guaranteed growth rate: 4.0% p.a. for last 5 years		
Pension Millennium With-Profits Fund Pension 2 With Profits 2 Fund	Annual growth rate: 01/02/18 to 31/01/22: 0.75% p.a. 01/02/22 to 31/01/23: 1.25% p.a. 01/02/23 to 31/03/23: 1.75% p.a.		
Utmost Life and Pensions			
North American Fund	-5.9%	16.5%	12.5%
Asia Pacific Fund	-4.0%	9.8%	3.5%
European Fund	6.3%	14.8%	6.7%
UK Government Bond Fund	-16.5%	-9.6%	-3.3%
Global Equity Fund	-2.0%	15.7%	9.7%
Investment Trusts Fund	-6.7%	12.2%	4.9%
Managed Fund	-1.9%	9.3%	4.0%
Money Market Fund	1.8%	0.4%	0.3%
UK Equity Fund	1.5%	13.6%	3.9%
Property Fund	-11.7%	-1.1%	-3.3%
UK FTSE All Share Fund	1.9%	13.6%	4.5%
Clerical Medical With-Profits Fund	4.0%	4.0%	4.0%
Zurich			
Aquila UK Equity Index ZP Fund	1.56%	13.76%	4.79%
American 2 EP Fund	-6.07%	17.00%	14.18%
Asia 2 EP Fund	-10.76%	7.03%	3.83%
BNY Mellon Managed Global Fund	1.07%	12.08%	8.46%
Equity Managed 2 EP Fund	0.60%	12.65%	7.03%
European 2 EP Fund	9.83%	17.66%	10.55%
Global Select 1 EP Fund	-7.33%	9.70%	8.99%
Global Select 2 EP Fund	-6.41%	10.82%	10.08
Japan 2 EP Fund	1.59%	10.75%	6.98%
Long Dated Gilt 2 EP Fund	-30.49%	-16.96%	-6.48%
Managed 2 EP Fund	-3.63%	9.28%	5.43%
Property 2 EP Fund	-14.09%	3.18%	3.64%
Secure 1 EP Fund	0.00%	0.00%	0.00%
Secure Cash 2 EP Fund	1.85%	0.99%	0.90%
UK Equity 2 EP Fund	5.05%	13.30%	4.51%
UK Preference and Fixed Interest 2 EP Fund	-16.12%	-8.22%	-2.69%
UK Opportunities 2 EP Fund	6.21%	15.18%	4.64%
With-Profits PN 5 EP Fund	Annual Growth Rate: 31/03/18 to 13/01/19: 2.00% 14/01/19 to 09/01/22: 2.50% 10/01/22 to 31/03/23: 2.75%		