UNILEVER UK PENSION FUND
IMPLEMENTATION STATEMENT

Annual Implementation Statement – for Fund year ended 31 March 2024

1. Introduction

This document is the Annual Implementation Statement (the ''Statement'') prepared by the Trustees of the Unilever UK Pension Fund (the ''Fund'') covering the Scheme year to 31 March 2024 for both the Defined Benefit (''DB'') and Defined Contribution (''DC'') sections of the Fund. The statement is publicly available at https://www.unileverpensionhub.co.uk.

In line with regulatory requirements, the purpose of this Statement is to:

- Describe any formal review of the Statement of Investment Principles (the ''SIP'') undertaken during the Scheme year.
- Describe any changes made to the SIP during the Scheme year, noting the rationale for any change.
- Where no formal review was undertaken during the Scheme year, provide the date of the last formal review.
- Set out how, and the extent to which, the Fund's SIP, has been followed during the Scheme year.
- Disclose the voting behaviour on equity investments by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on their behalf) over the Scheme year. Disclose any use of a proxy voter service.

To the best of its knowledge, the Trustee Board has followed all of the principles as outlined in the relevant SIP during the reporting period.

2. Formal review and changes of the Fund's SIP during the Fund year

During the course of this Scheme year the SIP was updated on 18 October 2023, to reflect the changes agreed following the Investment Strategy Review carried out during 2022 and 2023.

3. Adherence to the SIP

This statement sets out details of how this has been achieved for the Fund in relation to some of the key principles and policies governing decisions about Fund investments as set out in the SIP.

General: Choosing investments (Appointment and Delegation and Governance Structure)

The Trustee has developed an investment decision making and implementation delegation structure that allows the Trustee Board to focus on the key strategic and governance decisions, with the management and operations activities delegated to internal teams, advisers, managers and the custodian. The Trustee Board has constituted the Investment & Funding Committee ('IFC') and the Defined Contribution Committee ('DCC'). These committees each consist of a subset of the Trustee Board and an independent expert. Both the IFC and DCC met quarterly during the year, in line with their agreed terms of reference. In addition, over the year the Trustee Board, IFC and DCC received additional investment training during the course of their work.

DB Section

Strategy and asset allocation

The overriding objective of the DB Section is to ensure that sufficient assets are available to pay members' benefits as and when they fall due, taking account of the Employer Covenant (the Employers' legal obligations to pay contributions and their ability to meet those obligations). To support this objective, the Trustee has set a target of reaching 105% funding level on a "low employer dependency" basis, at which point the funding level could be maintained with a low-risk strategy. This target was reached during 2022, and the Trustee will now aim to manage the funding and investment strategy with the aim that the funding level remains at or above the 105% funding level on the low employer dependency basis.

The IFC also carries out rolling asset class reviews to ensure the asset classes underlying the investment strategy remains fit for purpose. These reviews include a more detailed assessment of the performance of each asset class (and the funds/managers within it) and consider in more detail the context for the performance. In addition, they also include a re-assessment of the fee levels paid for the investments. The IFC aims to complete a review of each asset class during each triennial valuation cycle. During this Scheme year the main focus was the completion of the triennial investment strategy review, in conjunction with the actuarial valuation.

Risk management and monitoring
The Trustee Board has a risk management framework in place which sets out the process for monitoring the top risks to the Fund. The Trustee Board discusses risk management quarterly and risks are monitored by committees as appropriate. The four main investment risks monitored by the Investment and Funding Committee (IFC) are:

1) Funding Risk – to monitor funding level relative to the target.
2) Covenant Risk – to monitor the ongoing strength of the Employer.
3) Investment Risk – to monitor the level of investment risk in the investment strategy.
4) Liquidity Risk – to monitor the level of liquidity of investments relative to requirements.

For each of these main risks, the Trustee Board have set appropriate metrics, thresholds and agreed actions which were reported to, and discussed by, the IFC each quarter during the Scheme year. Further details are as follows:

The Trustee monitors funding risk, assessing the funding level with the aim that it remains at or above the 105% funding level on the low employer dependency basis.

The Trustee monitors covenant risk. The Trustee Board employs an independent covenant specialist to provide quarterly assessments of the strength of the Fund's sponsoring employer. This is presented to the IFC each quarter, and a more detailed review of covenant is carried out annually. No significant concerns were highlighted during this Scheme year.

The Trustee monitors investment risk, focussing on the level of Value at Risk ("VaR") relative to a target range and on the progress towards the Fund's carbon intensity reduction targets to minimise risks related to climate change. The investment risk remained in line with the Trustee's expectations.

The Trustee monitors the liquidity risk of the Fund. The Trustee Board ensures there are sufficient liquid assets available to meet payments through monitoring of the Fund's overall liquidity position (looking at coverage ratios through both typical and stressed market conditions) and cashflow management. Liquidity remained comfortably above the minimum acceptable level throughout the Scheme year.

Responsible Investment and Stewardship
The Trustee Board's approach to sustainable investment has evolved over the years to the point that sustainable investing is fully integrated into "business as usual". This approach reflects the Trustee's beliefs that members' interests and sustainability are inextricably linked, that the pace of change requires the Trustee Board to be agile, and that their response must be integrated into the design and execution of the investment strategy. The Trustee currently does not take into account any factors it considers to be non-financial.

Of the many sustainability challenges to be addressed the Trustee considers climate change to be a priority, and its impact to be the most immediate and significant risk to the global economy.

The Trustee Board carried out a comprehensive review of the Fund's sustainability approach over 2020/2021, which led to a number of priority actions, including development of a sustainability implementation plan. Over the course of this Scheme year, the Trustee achieved further progress on the completion of the priority items, which included carrying out the annual comprehensive carbon foot-printing exercise for the Fund's investments, understanding the Fund's progress in its carbon journey plan and enhancing the Fund's emerging market equity and property funds with a sustainability focus. The Trustee Board also continued to meet its commitments for investment in the climate focused impact funds, launched by Univest Company.

The Trustee Board also received further training on the evolution of climate change, and the considerations and principles for reviewing the Fund's carbon journey plan and carbon foot-printing. In addition, the IFC received training on the integration of climate risks and opportunities within the DB property portfolio.

Active engagement with portfolio companies is an important tool for building a climate-resilient and sustainable portfolio. An external stewardship provider carries out the majority of the Fund's stewardship activities including voting and engagement. Over the year, through our stewardship provider we were able to progress several engagement themes with our underlying companies with achievement of positive dialogue and key milestones; in themes such as circular economy and zero pollution, climate change, human & labour rights and investor protection and rights. In respect of climate change and the Trustee Board's specific objectives, the stewardship provider seeks to ensure that our portfolio companies' strategies and actions are aligned to the goals of the Paris Agreement on Climate Change.

The Trustee recognises that working with others will be necessary for achieving their carbon reduction targets. Through Univest Company, the Trustee is involved with a number of collaborative initiatives including the UN Net Zero Asset Owners Initiative (where we also collaboratively engage with managers), the UN Principles of Responsible Investment, and the Institutional Investor Group for Climate Change.

The CIO also represents the Fund at the UK Occupational Pensions Stewardship Council meetings. Univest Company has also developed its Sustainable Investment Plan to complement the Trustee's approach to sustainability.

Exclusion

The Trustee has adopted an Exclusion Policy which applies to companies directly involved in the manufacture of cluster munitions or anti-personnel mines and companies for which the majority of revenues come from coal mining or coal power generation. The Exclusion Policy is kept up to date via external data providers and shared with the Fund's direct investment managers on a quarterly basis, and the investment managers sign and confirm adherence to the Exclusion Policy.

Arrangements with managers

The performance of investment managers is monitored by the IFC at their quarterly meetings where they receive quarterly reporting setting out performance alongside ratings for the underlying managers. In the scheme year ending 31 March 2022, the Trustee Board updated its criteria for the appointment and retention of managers taking into account the managers' integration of sustainability into their investment decisions. More detailed assessments of performance are carried out as part of the rolling asset class reviews and via the annual sustainability scorecard process. As part of the rating process, the underlying holdings for each manager are assessed to see whether they are consistent with the stated strategy. This includes a consideration of portfolio turnover relative to expectations for the strategy as well as an assessment of sustainability integration relative to expectations in key areas such as voting and engagement, identification and assessment of risks and opportunities and application of carbon and Sustainability metrics. As at 31 March 2024 there were no material concerns, and during the Scheme year all relevant direct investment managers adhered to the Exclusion Policy provided to them.

DC Section

Strategy

The overriding objective is to ensure that the Fund is effectively governed and administered, in line with the Fund rules, and with a communication and education programme that enables members to make informed decisions that are appropriate for their circumstances.

The Trustee provides a range of investment options (both auto-switch lifestyle options and default target retirement date options) to members meeting objectives set out in the Fund rules.

The Trustee performs regular reviews of the asset allocation of each of the 7 investment options, covering their appropriateness, objectives and the individual investment managers on a periodic basis (at least every 3 years). The Trustees also review how the asset allocation changes across the auto switch lifestyle options. The Trustee employs a third-party investment advisor to perform this investment strategy review tri-annually; the last review was carried out during 2022, with changes implemented during 2023.

Monitoring

The DCC received reporting each quarter during the Scheme year containing details of the performance and risk metrics of the investment options available to members, along with investment adviser ratings for each underlying investment manager.
The DCC also received details of the Total Expense Ratio for each fund, every quarter. This information is provided by the platform provider. The annual sustainability scorecard process is also carried out for the DC Section's managers assessing sustainability integration in the managers' strategies.

Responsible Investment and Stewardship

The Trustee's approach to sustainability set out above – including their sustainability goals and Carbon Journey Planning – applies to DC as well as DB. The carbon footprinting analysis was completed for both sections of the Fund.

The DC Section's default investment option was enhanced to invest in sustainability focused equities that are better aligned to the Trustee Board's sustainability goals. This comprises 100% of the DC Section's global developed market equities exposure. An external stewardship provider carries out the voting and engagement for the global developed market equities. Voting and engagement for our other funds is carried out by the investment managers of the respective pooled funds.

Further details are set out in the next section.

4. Voting and engagement activity of the Fund's investments over the course of the Fund year.

4.1. DB Section

The table below sets out information on the most significant votes, for which the data has been provided by the external stewardship provider.

Voting Summary	Significant Votes
Meetings eligible to vote at: 2,019 **Resolutions eligible to vote on:** 22,097 **Resolutions voted on, for which they were eligible:** 94% **Resolutions voted with management:** c.84% **Resolutions voted against management:** c.16% **Resolutions abstained from:** c.0% **Process to determine "the most significant" votes** Significant votes are considered to be resolutions or issues relating to climate change for those companies where the Fund holds a relatively larger share of the outstanding share capital of the company (compared to other companies the DB section of the Fund invests in). **Where the vote was against management, did the investment manager communicate their intent to the company ahead of the vote?** Yes	**Company: Total Energies SE (c. 0.7% of underlying fund)** **Resolution/ issue:** Shareholders were asked to approve the company's sustainable development and energy transition plan. **Voting instruction**: **Against management** primarily due to company targets not being aligned with the Paris Climate Agreement for Scope 3 indirect emissions related to use of energy products sold to its customers. The proposal was passed by the majority of the shareholders. Our voting and engagement provider will continue to engage with the company on their energy transition plans and targets. **Company: Enbridge (c. 1.0% of underlying fund)** **Resolution/ issue:** Shareholder proposal was filed in relation to disclosure of the company's Scope 3 emissions. **Voting Instruction: For the shareholder resolution** on the basis of better management of climate-related risks. The proposal was rejected by a majority of 71%. Despite the rejection, 29% voted to support the resolution signalling to management that it needs to do better on emissions reporting. **Company: Glencore (c. 0.4% of underlying fund)** **Resolution/ issue:** Shareholders were asked to approve the company's 2022 Climate Progress Report. While it should be recognised that any progress is a good starting point, on balance it was felt that the company's actions continue to not be aligned to the goals of the Paris Agreement and that more work, more progress and continued engagement on the topic is required. **Voting instruction**: **Against management** on the basis of inadequate management of climate-related risks from exposure to coal. Despite the proposal being passed by the majority of the shareholders, c. 30% of votes cast were against. Given this, Glencore is consulting with all shareholders and their intermediaries, and will be providing an update on the views received and actions taken.

4.2. DC Section

The DC section of the Fund has a number of different investment options available to members, which include some investment portfolios that utilise voting rights (these are shown in the table of significant votes below). For the global equity funds, a third-party voting proxy provider is used to vote and engage as per the DB section, whereas for the other funds the investment managers carry out their own voting and engagement, and the underlying manager has discretion on whether to utilise a proxy voting provider. In addition, there are a number of smaller AVC holdings in the Fund (making up less than 0.1% of total assets), for which voting and engagement activities are carried out by the investment managers, the Trustee does not have details of voting behaviour for these funds.

Voting Summary	Significant Votes
Global Equity	
Meetings eligible to vote at: 1,017 **Resolutions eligible to vote on:** 15,658 **Resolutions voted on, for which they were eligible:** 93% **Resolutions voted with management:** c.86% **Resolutions voted against management:** c.14% **Resolutions abstained from:** c.0% **Process to determine "the most significant" votes** Significant votes are considered to be resolutions or issues relating to climate change for those companies where the Fund holds a relatively larger share of the outstanding share capital of the underlying company in the global equity fund (compared to other companies in the global equity fund). **Where the vote was against management, did the investment manager communicate their intent to the company ahead of the vote?** Yes	**Company: Orica (c. 0.1% of underlying fund)** **Resolution/ issue: Shareholders were asked to** approve vote on climate action report. **Voting instruction: Against management** proposal due to insufficient evidence of alignment of emissions reductions to a 1.5 degree world. The proposal was passed by a majority of the shareholders.
Emerging Market Equity Fund	
Meetings eligible to vote at: 2,527 **Resolutions eligible to vote on:** 21,150 **Resolutions voted on, for which they were eligible:** 98% **Resolutions voted with management:** 87% **Resolutions voted against management:** 12% **Resolutions abstained from:** 1% **Proxy adviser service used:** Dependent on jurisdiction. **Type of voting policy used:** The investment manager's own policy. **Process to determine "the most significant" votes:** Significant votes are considered to be resolutions or issues relating to material Environmental, Social and/or Governance topics that the manager believes will impact sustainable long-term financial performance, and where the holding was a relatively large percentage of the pooled fund. **Where the vote was against management, did the investment manager communicate their intent to the company ahead of the vote?** No	**Company: Zheijang Expressway Co. Ltd (c. 0.2% of underlying fund)** **Key resolution:** Shareholders were asked to accept the Company's Amended Article of Association. **Voting instruction: Against management** to protect shareholder interests. Given the significant concerns raised by shareholders, the management proposal was withdrawn.

Global Property Securities Fund	
Meetings eligible to vote at: 371 **Resolutions eligible to vote on:** 3,943 **Resolutions voted on, for which they were eligible:** 89% **Resolutions voted with management:** 96% **Resolutions voted against management:** 3% **Resolutions abstained from:** 1% **Proxy adviser service used:** Dependent on jurisdiction. **Type of voting policy used:** The investment manager's own policy. **Process to determine "the most significant" votes:** Significant votes are considered to be resolutions or issues relating to material Environmental, Social and/or Governance topics that the manager believes will impact sustainable long-term financial performance, and where the holding was a relatively large percentage of the pooled fund. **Where the vote was against management, did the investment manager communicate their intent to the company ahead of the vote?** No	**Company: Equinix (c. 6.0% of underlying fund)** **Key resolution**: Re-election of several directors **Vote: For resolution** The proposals were passed by the majority of shareholders.