



UNIA PENSION FUND

ANNUAL REPORT AND NON STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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UNIAC PENSION FUND
TRUSTEES' REPORT (continued)
TRUSTEES, DIRECTORS AND ADVISERS

Trustees

Unilever Pension Trust Limited
The Law Debenture Pension Trust Corporation p.l.c.
(Represented by A Eagles)

Directors of Unilever Pension Trust Limited

R C Reed (Chairman from 23 May 2023)
P Stevenson
N L T Williams (Chairman until 23 May 2023)

Secretary to the Trustees

Unilever UK & Ireland Pensions provide secretarial support to the Trustees

Advisers

Actuarial adviser

Lane Clark & Peacock LLP

Actuary

C Wellsted FIA

Administrators

Unilever UK & Ireland Pensions (UUKP)
Capita Pensions Solutions Limited
Conac (Belgian section)

Bankers

HSBC Bank plc
KBC Bank SA (Belgian section)

Buy-in provider

Legal & General Assurance Society Limited

Custodian

Northern Trust Company

Internal auditor

Ernst & Young (from May 2023)
Deloitte LLP (until May 2023)

Investment adviser

Lane Clark & Peacock LLP

Investment managers

Adam Street Partners, LLP
BlackRock Advisers (UK) Limited
Coller Investment Management Limited
Goldman Sachs Asset Management, L.P.
Northern Trust Investment Funds PLC
Spur Capital Partners, LLP

Investment support

The Univest Company

Principal legal adviser

Sacker & Partners LLP

Independent auditor

Grant Thornton UK LLP

Further information

General enquiries on the Uniac Pension Fund and individual member enquiries regarding benefit entitlements for deferred members should be addressed to: Expert Pensions Team, Unilever UK & I Pensions, Lever House, 3 St James Road, Kingston upon Thames, KT1 2BA. (ExpertPensions.Team@unilever.com).

Individual member enquiries regarding pensions in payment should be addressed to: Unilever Pensions Team, Capita, PO Box 420, Darlington, DL1 9WU. (unileverpensionsteam@capita.co.uk).

References to “the Company” refer to Unilever PLC (the principal employer) and/or other Unilever group companies.

UNIAC PENSION FUND TRUSTEES' REPORT

The Trustees of the Uniac Pension Fund (“the Fund”) present their annual report which includes the Statement of Trustees’ responsibilities, the Investment report, the Implementation statement, the Independent auditor’s report, the Non-statutory financial statements for the year ended 31 December 2023 along with the current Schedule of contributions and Actuarial certificates.

Fund details

The Fund is a defined benefit plan, which was established under a Trust Deed dated 1 January 1962. It provides benefits to members on their retirement and pensions and/or benefits to their spouses, children and dependants, in the event of their death before or after retirement. The Fund is established in accordance with Section 615 of the Income and Corporation Taxes Act 1988.

The Trustees of the Fund are Unilever Pension Trust Limited, a company with Directors nominated by the Principal Employer, and The Law Debenture Pension Trust Corporation p.l.c., an independent trustee appointed by the Principal Employer.

Under the Trust Deed and Rules, the Principal Employer has the power to appoint new or additional Trustees to the Fund. The Principal Employer also has the power to appoint or remove Directors of Unilever Pension Trust Limited.

The names of the current Directors of Unilever Pension Trust Limited are set out on page 2.

Throughout the remainder of this report, references to “the Trustees” mean the Directors of Unilever Pension Trust Limited and the representative of The Law Debenture Pension Trust Corporation p.l.c.

Unilever UK Pensions (“UUKP”) provides support on governance and funding matters and trustee secretarial services to the Trustees. The Univest Company supports the Trustees in setting the investment strategy for the Fund and monitoring the investment managers to ensure they adhere to the strategy set. UUKP and Capita Employee Benefits Limited currently undertake the Fund’s administration in the UK.

The Trustees have put in place service level agreements with UUKP and the Univest Company and are party to an administration contract with Capita Employee Benefits Limited and with Conac in Belgium.

Governance

The Trustees meet twice a year with further meetings as often as is required to carry out the Trustees’ duties. During the year, Trustees’ meetings were held on 10 March, 23 May and 20 November 2023. ZEDRA Inside Pensions, represented by Beverley Morgan, continued to assist the UUKP in providing secretariat services to the Trustees.

Cyber Data Incident

Unfortunately, in March 2023, we were made aware that Capita had suffered a cyber attack and that some of our members’ data had been accessed on an unauthorised basis. The protection of our members’ data is one of our top priorities and we were extremely disappointed about such unauthorised access and the very understandable concern and distress that this would cause to our members. Immediately on being informed of the incident, through our Executive, we worked with Capita to understand the nature of the data incident, exactly what had caused it and what data had been accessed. We contacted our members to advise them of what had happened and, through Capita, we provided a service that enabled our members to monitor unusual bank account activity. Capita have provided us with assurances that the incident is now closed and that they have taken considerable remedial steps to recover the data that had been accessed.

UNIAC PENSION FUND TRUSTEES' REPORT (continued)

Report on Actuarial Liabilities

The last formal Actuarial Valuation of the Fund was as at 31 December 2020, and this was finalised in September 2021. It showed that at 31 December 2020:

- The value of the Technical Provisions was: £142.6 million
- The value of the assets was: £155.3 million

The resulting surplus relative to the Fund's statutory funding objective ("Technical Provisions") was £12.7 million.

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

In September 2014, the Trustees effected a buy-in policy from Legal & General ("L&G") that covers a substantial proportion of the Fund's pensioner liabilities. The assumptions used to value the buy-in policy as an asset, as it appears in the Fund's non-statutory financial statements, are consistent with the assumptions used to value the Fund's liabilities covered by this policy. There is therefore no material surplus or deficit in respect of these liabilities.

The key actuarial assumptions made in the 31 December 2020 valuation were broadly:

Assumptions	% p.a.
Rates of return (used for discount rate)	
- Eurozone swaps - for Eurozone liabilities	-0.2
- UK government bonds for UK and non-Eurozone liabilities	0.5
Rates of price inflation	
- Eurozone price inflation	1.2
- UK retail price inflation (UK RPI)	3.2
Increases to pensions (in payment and in deferment)	
- Pensions denominated in euros	1.2
- Pensions denominated in sterling and other currencies	3.3

Mortality is assumed to follow 96% (males) / 92% (females) of the mortality rates contained in the SAPS "S3PA Light" tables for pensioners, with allowance for future improvements in line with the CMI 2019 extended projection model with a long-term annual improvement rate of 1.5% p.a., a smoothing factor of 7 and an initial addition parameter of 0.75% p.a. Further details on the method and actuarial assumptions used to determine the technical provisions are set out in the Statement of Funding Principles, which is available on request.

It was estimated that if the Fund had been discontinued at 31 December 2020 and then wound up, there would have been sufficient assets to secure around 105% of the buy-out cost of securing the accrued benefits through the purchase of annuity policies from an insurance company at that date. This is the "solvency estimate".

Since the 2020 valuation, the value placed on the Fund's assets has fallen, but the value of the Fund's liabilities has also fallen, as a result of significant changes in gilt yields. The Fund's surplus was estimated to have increased to £13.6m as at 30 September 2023. The next triennial Actuarial Valuation of the Fund is due to be carried out as at 31 December 2023 with results expected in September 2024.

Contributions

Because the valuation of the Fund's Technical Provisions at 31 December 2020 showed a surplus (see previous section), the Trustees and the Principal Employer have agreed that no contributions are due. The Trustees will continue to monitor the funding level and this agreement will be reconsidered should the funding level fall. There are no active members remaining in the Fund, and therefore there are no regular contributions due.

UNIAC PENSION FUND
TRUSTEES' REPORT (continued)

Membership

	2023	2022
Deferred pensioners at beginning of year	55	60
Full commutation at retirement	(1)	(2)
Retirements	(3)	(2)
Deaths	-	(1)
Transfers out	(1)	-
Deferred pensioners at end of year	<u>50</u>	<u>55</u>
Pensioner members at beginning of year	576	617
Retirements	3	2
Spouse or dependant pension becoming payable	13	11
Deaths	(44)	(54)
Pensioner members at end of year	<u>548</u>	<u>576</u>
Comprising: pensioner members	290	308
spouse or dependant pensions	257	267
child pensions	1	1
	<u>548</u>	<u>576</u>
Total number of members	<u>598</u>	<u>631</u>

Notes:

At 31 December 2023, the benefits of 427 (2022: 446) pensioners were covered by the buy-in policy with L&G.

There was 1 spouse (2022: 6 spouses) in the year eligible for a widow's pension who selected full commutation of future benefits. At the year-end, there were 2 spouses (2022: 7 spouses) pending a decision of their benefit. These movements are not included in the above reconciliation.

Changes to the Trust Deed and Rules

There were no changes to the Trust Deed and Rules during the year to 31 December 2023.

Pension increases

Pension increases for pensions in payment and deferred pensions are currently granted in line with the increases given by the Unilever pension scheme in the member's "home country".

The increase for members with Sterling based pensions, the majority of the members, was 5% and it was granted with effect from 1 April 2023 (1 April 2022: 5.0%, 1 April 2021: 1.4%).

Increases for members with other home countries ranged from 0% to 7% (2022: 0% to 5%, 2021: 0% to 3%). All increases were in line with the Fund rules and there were no discretionary increases.

UNIAC PENSION FUND TRUSTEES' REPORT (continued)

Trustee Knowledge and Understanding

The Pensions Act 2004 requires trustees of pension schemes to have a certain level of knowledge and understanding of pensions. This is known as Trustee Knowledge and Understanding, or "TKU". The Pensions Regulator ("TPR") has issued a code of practice and guidance to set out what the level required should be and how trustees can gain the necessary level of TKU.

The intention is that the standards set out in the code are consistent with how a well-run pension scheme would choose to meet its legal obligations, and therefore the Trustees of the Fund aim to ensure that all Trustees have appropriate levels of TKU and they regularly assess themselves and ensure any gaps identified (if any) are addressed. All Trustees of the Fund have successfully completed the online trustee training developed by TPR.

Preparation and Audit of Non-Statutory Financial Statements

The Trustees confirm that the Non-Statutory Financial Statements have been prepared and audited in accordance with the requirements of the Trust Deed and Rules. The Trustees' Report, Statement of Trustees' Responsibilities, Investment Report and Non-Statutory Financial Statements were approved at a meeting of the Board on 21 May 2024.

Financial Development of the Fund

The audited non-statutory financial statements on pages 17 to 27 give details of the activities of the Fund during the year and of the form in which the assets were invested at 31 December 2023. The value of the Fund decreased over the year from £109.4 million to £102.6 million. During the year £6.2 million was received from the buy in policy and a further £2.7 million was withdrawn from the other investments.

Approved by the Trustees of the Fund

Unilever Pension Trust Limited

30 May 2024

The Law Debenture Pension Trust Corporation p.l.c.

30 May 2024

UNIAC PENSION FUND

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- include a statement whether the non-statutory financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are responsible under the Trust Deed and Rules for preparing, maintaining and from time to time revising a Schedule of Contributions showing the rates of contributions payable to the Fund by or on behalf of the Principal Employer and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the Schedule of Contributions.

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

UNIAC PENSION FUND INVESTMENT REPORT

The strategic allocation of the assets between the major asset classes is viewed by the Trustees as the most important means of controlling the balance between risk and expected return on the Fund. Accordingly, the Trustees determine the strategy for investing the assets having taken advice from independent advisers.

The majority of the Fund's assets (59%) are held in an insurance policy with Legal & General ("L&G"). The policy secures an income which matches outgoing pension payments and represents around 69% of the Fund's liabilities. This is known as a "buy-in". In return for a payment of approximately £130m in September 2014, the contract provides a regular monthly income to the Fund in respect of certain pensioner members. Although the buy-in contract was calculated with reference to individual member benefits, there was no change to the administration of those member benefits. L&G are only providing cash flow and the Fund retains the legal obligation to pay pensions to all pensioners.

Cash and other current assets account for 2% of the Fund's net assets. The investment commentary below is in respect of the remaining invested assets (approximately 39%).

Details of the investment strategy together with other important investment information for the Fund are set out in the "Statement of Investment Principles" ("SIP") as required by Section 35 of the Pensions Act 1995 and Section 244 of the Pensions Act 2004. A copy of the latest SIP (dated 7 February 2023) is available from the Fund Secretary on request, or via the following link: www.uniaccpensionfund.co.uk. The latest SIP does not set out the actual current investment strategy in terms of specifying particular asset allocation limits. Instead, it sets out the principles that the Trustees consider when making investment decisions. The Trustees separately consider and document the asset allocation strategy they are implementing at any point in time. They continue to take advice from their appointed strategic investment adviser on the appropriate asset allocation. The actual allocation may sometimes vary from the target allocation due to differing levels of performance between the assets and managers. The Fund is rebalanced periodically to ensure that the target allocation is adhered to.

Investment Policy and Management

Excluding the buy-in investment with L&G, the assets of Uniac are invested in pooled funds and derivatives.

Univest Company monitors all investment managers, and the Trustees are notified if concerns are identified with particular managers.

The investment guidelines within each fund manager's contract clearly specify the investment objective, performance targets, permissible terms and types of securities which can be held, the use of derivatives and the exposures to individual companies. Investment managers are remunerated on a fee basis as specified in their contract which is related to the market value of their proportion of the Fund during the quarter. The fund managers produce monthly and quarterly reports which are reviewed by the Univest Company.

Custodian services are provided by Northern Trust, a major international custodian. The contract between Northern Trust and the Trustees clearly defines the service it provides. Pooled investment managers appoint their own custodian.

Environmental, Social and Governance ("ESG")

The Trustees are signatories to the United Nations Principles for Responsible Investment ("UNPRI") through the Unilever Pension Funds umbrella agreement. It is the Trustees' policy that ESG considerations are considered in the selection, retention and realisation of investments to the extent that they are relevant in assessing the future financial prospects of specific investments. The Trustees do not take any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) into account in the selection, retention and realisation of investments. Corporate governance activities have been delegated to the Fund's investment managers, with the understanding that they will exercise voting rights in the best long-term financial interests of the assets that they manage. The Trustees may, from time to time, ask the Fund's managers or specialist ESG engagement organisations to explain their corporate governance policy and practices, and review voting activities.

UNIAC PENSION FUND INVESTMENT REPORT (continued)

Investment Performance

General Market

Equity markets rose 16.8% (MSCI World in Sterling currency terms) during 2023 while UK bond markets also performed well, compared to last year, with the FTSE All Stock Gilts index returning 3.7% over 2023. Equities and Bonds recovered from the negative returns seen in 2022. The Global equity return was driven largely by seven US technology names (Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla, Meta). The market is heavily weighted to these names and makes up over 15% of the index. To put this into perspective, the combined market capitalization of these seven names equates to more than the UK, French, Japanese and Chinese stock markets combined.

The UK Government Bond 10-year yield ended the year at 3.9% (up from 3.7% in 2022). The year saw a rollercoaster in Gilt yields as UK interest rate expectations moved significantly in the year. In June, 10-year gilt yields had been almost 0.70% higher than their US equivalent, but by year end they were yielding 0.45% below. This was due to pessimism on UK inflation and interest rates having given way to optimism by year end. Lower inflation reduced some of the interest rate volatility, but inflation worries remained. UK Inflation remained higher than its US and European peer economies, mainly due to UK wage and price setting.

Inflation for the year remained elevated at 5.2% and above the Bank of England's target of 2%, but much lower than the 2022 figure (13.4%).

Uniac Pension Fund

The purpose of the investment strategy is to broadly match the movement of the value of the liabilities and consequently a market-based benchmark is less relevant particularly with the fixed income assets managed on a passive basis.

At year end, the Fund broadly had a 59% allocation to the buy-in Insurance Policy held with L&G and the remainder held in a combination of UK Index Linked Gilts (13%), Euro Inflation Bonds (15%), Private Equity, a Diversified Income Fund ("DIF") and Cash. The Private Equity programme is now in a run-off phase, with the Trustees harvesting the returns until they come to the point when the programme has run its course.

The Trustees review the overall strategy on a triennial basis, the last review having taken place in 2021. The key change made was to adjust the Fund's target bond composition to better align it with the liability profile of the Fund. The next full review of the strategy will take place in 2024.

The Trustees rebalanced the Fund at year end, by changing the 50/50 split between UK and European bonds to 45/55 enabling a better match to the currency of the liabilities. They also amended the BlackRock UK index-linked portfolio to 100% All-stocks, to ensure the overall duration of the assets remained appropriate relative to the liabilities, and finally they transferred £0.75m from cash to the bond portfolio, to align its value with those of the uninsured liabilities.

**UNILEVER UK PENSION FUND
INVESTMENT REPORT (continued)**

The strategic allocation of the portfolio as at the year-end was:

Manager	Asset class	Benchmark indices	Performance target
<u>Matching assets</u>			
L&G	Insurance Policy	N/A	Insured liabilities - provides benefit payments for insured members
BlackRock	UK Gilts	FTSE All stocks UK Index Linked Gilt Fund (UK AAA)	To match the benchmark return
Northern Trust Asset Management	Euro Inflation Bonds	Euro government Inflation-linked Index Bond Fund ~ (France AA and Germany AAA)	To match the benchmark return
Northern Trust Money Market Fund	Cash	Sterling Overnight Index Average ("SONIA") rate	To match the benchmark return
<u>Growth assets</u>			
Spur, Collier, Goldman Sachs and Adam Street	Private Equity Funds	MSCI World +5%	Above benchmark over rolling 5-year period ¹
DIF – Uninvest IV Sicav-SIF	Income	Euribor 6 months +1.5%	Outperform the benchmark

¹ The performance target is not specified within the agreements with the respective managers but having taken appropriate advice, the Trustees believe this represents an appropriate performance target measure.

The annualised performance of the of the Fund is as follows:

	12 Months Return (%) (Net of Fees)	12 Months Benchmark (%)	3 Year Annualised Return (%) (Net of Fees)	5 Year Annualised Return (%) (Net of Fees)
Total Fund excluding Insurance policy	3.9	3.2	-3.0	n/a
<i>UK Inflation Linked Gilts</i>	2.9	2.9	-7.9	-3.0
<i>Euro Inflation Bonds</i>	2.3	2.4	-1.8	n/a
<i>Uninvest IV - DIF</i>	8.3	6.6	2.3	n/a

Source: Northern Trust

Notes

Euro inflation bonds and Uninvest IV – DIF have been in place less for than five years, hence there is no 5 year history.

Private Equity performance has not been shown separately, as the portfolio size is less than £0.7m and it is in run-off.

The DIF return and benchmark are adjusted for the foreign exchange (FX) impact which is mitigated using a separate currency overlay programme.

UK inflation-linked fixed income assets are invested with Blackrock and the Euro Government Inflation Linked fixed income assets are invested with Northern Trust Asset Management. Both asset classes are invested through pooled funds and are managed on a passive index tracking basis. The funds track the benchmarks closely and any deviation is monitored by the Trustees.

UNILEVER UK PENSION FUND INVESTMENT REPORT (continued)

Marketability of investments

At the end of the year, approximately £41m of investments (circa 39% of the total Fund assets) were held within pooled funds and cash funds. The Bond funds comprise the majority of these assets, £39.2m, with the underlying holdings quoted on recognised stock exchanges and not subject to redemption restrictions. These are therefore considered to be marketable on a short-term basis. Longer periods are likely to be needed to dispose of the Private Equity investments which are valued at £0.7m. The buy-in contract with L&G is a long-term investment, and hence is unlikely to be realisable in the short-term, although provisions to surrender the contract, in limited circumstances if required, do exist.

UNIAC PENSION FUND IMPLEMENTATION STATEMENT

Annual Implementation Statement – for Fund year ended 31 December 2023

1. Introduction

The Uniac Pension Fund (the “Fund”) is a Defined Benefit (“DB”) scheme and given the mature nature of the Fund’s liabilities the investment strategy is comprised predominately of an insurance policy and bond income-based investments. No listed equity is held and no voting occurred during the Fund Year.

No changes were made to the voting and engagement policies in the SIP during the Fund year. The latest document was approved on 7 February 2023 and can be found at www.uniaccpensionfund.co.uk.

2. Investment strategy

The Fund holds primarily sovereign bonds and buy-in insurance policies to match as closely as possible its liabilities by term and by currency. It remains fully funded and has a surplus against the estimated cost of buying out benefits with an insurer.

3. Realisation of investments

The Trustees review the Fund's net current and future cashflow requirements on a regular basis. In practice this is delegated to the Uninvest and UUKP teams. The Trustees’ policy is to have access to sufficient liquid assets to meet any outflows whilst maintaining a portfolio which is appropriately diversified across mainly liquid assets.

Over the year, the Trustees used cashflow to help rebalance the Fund’s assets towards the strategic asset allocation.

The Trustees receive income from the Private Equity and Diversified Income Fund portfolios, which is retained in the Trustees’ bank account and used towards paying benefit payments.

4. Financially material considerations and non-financial matters

Investment managers are asked about their approaches to financially material considerations (including climate change and other Environmental, Social and Governance considerations), voting and engagement.

Proxy voting is not relevant because the Trustees do not have listed equity investments.

The Environmental, Social and Governance (“ESG”) approaches are adopted for the following investments:

- Index-tracking bond funds: The investment managers do not engage with the Governments that issue the debt held in the respective Sovereign bond portfolios. The index-tracking portfolio managers do not have discretion to add securities outside of those in the benchmark index nor remove securities that continue to be held in the relevant index. The investment managers’ objective is to be neutral to the benchmark in terms of ESG characteristics given the aim of indexed portfolios is to track their respective benchmarks.
- Buy-in insurance policy: Whilst the Trustees have no influence on the investment strategy and arrangements of the buy-in insurance policy that they hold, they do request and receive information from the provider on their ESG objectives.
- Diversified Income Fund: The Trustees have little influence on the investment strategy and arrangements as they invest through a pooled vehicle. The underlying assets are invested in specialised bond markets where the data coverage is less advanced relative to the traditional sovereign and corporate bonds markets. However, the Trustees will work with their Executive team, and external advisors, to improve reporting and where possible to evolve the processes within the underlying investment managers to enable better ESG risk management.

The Trustees agreed ‘Climate change’ as their Stewardship Priority under the Department Work and Pensions (DWP) statutory guidance.

UNILEVER UK PENSION FUND IMPLEMENTATION STATEMENT (continued)

5. Investment governance, responsibilities, decision-making and fees

The Trustees assess the performance of the Fund's investments at least annually.

The Uninvest Company and independent investment adviser monitor the investment managers on at least an annual basis. The bond portfolios are in low-cost index tracking funds. Overall, the Trustees and their advisors believe the investment managers provide reasonable value for money.

The performance of professional advisers is considered on an ongoing basis by the Trustees. The Trustees review their advisers on a rolling three-year cycle.

During November 2022, the Trustees reviewed the effectiveness of their decision making and governance processes. The Trustees were satisfied that no changes were needed.

6. Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustees maintain a risk register. Strategic risks are discussed at the May and November meetings and operational risks are discussed annually.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Fund's investment adviser or information provided to the Trustees by the Fund's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

The Fund holds sovereign bonds to match as closely as possible its liabilities by term and by currency, remains fully funded and has a surplus against the estimated cost of buying out benefits with an insurer. The following risks are covered earlier in this Statement: diversification and illiquidity/marketability risk in Section 3, ESG risks in Section 4, investment manager risk and excessive charges in Section 5.

7. Investment manager arrangements

Having set the strategic allocation for each asset class, the Trustees use external investment managers to implement the strategy to achieve the objectives.

8. Description of voting behaviour during the year

As outlined in section 4, no proxy voting takes place as the Trustees hold no listed equity within the investment portfolio. Voting opportunities did not arise on any of the Fund's other, non-equity, investments.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE UNIAC PENSION FUND**Opinion**

We have audited the non-statutory financial statements (the 'financial statements') of the Uniac Pension Fund (the 'Fund') for the year ended 31 December 2023, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements show a true and fair view of the financial transactions of the Fund during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year, in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

In our evaluation of the Trustees' conclusions, we considered the inherent risks associated with the Fund's operating model including effects arising from macro-economic uncertainties such as the impact of inflation and rising interest rates, we assessed and challenged the reasonableness of estimates made by the Trustees and the related disclosures and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are approved by the Trustees.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

UNILEVER UK PENSION FUND

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE UNIAC PENSION FUND (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Trustees

As explained more fully in the statement of Trustees' responsibilities set out on page 7, the Trustees are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined the most significant are the Pensions Act 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of the Pension Schemes" 2018 ("the SORP").

- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Fund operates.
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustees, and from inspection of Trustees' board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustees.

UNILEVER UK PENSION FUND

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE UNIAC PENSION FUND (continued)

- We assessed the susceptibility of the Fund's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to:
 - The risk of management override of controls through posting inappropriate journal entries to manipulate results and net assets for the year.
 - The valuation of hard to value assets using a method not permitted under the SORP.

Our audit procedures involved:

- Journal entry testing, with a focus on large manual journals to unusual account codes, including:
 - Manual journals with unusual account combinations such as those between the Fund Account and the Statement of Net Assets,
 - Journals posted to suspense accounts, and,
 - Journals with blank descriptions.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Including valuation specialists within the audit team to challenge the valuation of annuity policy valuations in the investments.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of Funds of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and understanding of the sector the underlying applicable legislation and related guidance.

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

Use of our report

This report is made solely to the Fund's Trustees, as a body, in accordance with the terms of our engagement letter dated 9 May 2024. Our audit work has been undertaken so that we might state to the Fund's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

Date 30 May 2024

UNIAC PENSION FUND
FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	Restated 2022 £000
Contributions and benefits			
Benefits paid or payable	3	(8,331)	(8,702)
Payments to and on account of leavers	4	(82)	-
Administration expenses	5	(372)	(466)
Net withdrawals from dealings with members		<u>(8,785)</u>	<u>(9,168)</u>
Returns on investments			
Investment income	6	723	297
Change in market value of investments	8	1,392	(27,352)
Investment expenses	7	(72)	(53)
Net return on investments		<u>2,043</u>	<u>(27,108)</u>
Net decrease in the Fund during the year		(6,742)	(36,276)
Net assets of the Fund at beginning of the year		<u>109,392</u>	<u>145,668</u>
Net assets of the Fund at end of the year		<u>102,650</u>	<u>109,392</u>

The notes on pages 19 to 27 form part of these financial statements.

UNIAC PENSION FUND**STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 DECEMBER 2023**

	Note	2023	2022
		£000	£000
Investment assets	8		
Insurance policies	9	60,440	66,214
Pooled investment vehicles	10	39,900	37,678
Derivatives	11	51	2
Cash	12	763	7,792
Other investment assets	12	167	116
		<u>101,321</u>	<u>111,802</u>
Investment liabilities			
Derivatives	11	(4)	(35)
Other investment liabilities	12	-	(3,549)
		<u>101,317</u>	<u>108,218</u>
Total net investments			
Current assets	16	1,586	1,518
Current liabilities	17	(253)	(407)
		<u>102,650</u>	<u>109,392</u>
Net assets of the Fund at end of year			

These non-statutory financial statements summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the Report of Actuarial liabilities section of the Trustees' Report on page 4 and the Actuarial Certificate on page 29, and these non- statutory financial statements should be read in conjunction therewith.

Approved by the Trustees of the Fund

Unilever Pension Trust Limited

30 May 2024

The Law Debenture Pension Trust Corporation p.l.c.

30 May 2024

The notes on pages 19 to 27 form part of these financial statements.

UNIAC PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

These non-statutory financial statements have been prepared in accordance with the requirements of the Trust Deed and Rules, Financial Reporting Standard 102 (“FRS102”) (the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council) (updated in triennial review 2017), and the guidance set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (revised 2018) (“the SORP”).

As stated in the Statement of Trustees’ Responsibilities on page 7, the Trustees are responsible for preparing the non-statutory financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue on this basis. The Trustees have undertaken an assessment in relation to going concern and have considered such matters as the potential impact on the Fund's investment strategy, the Principal Employer's business and its ability to pay contributions to the Fund and the strength of the insurance provider. The financial statements are prepared on a going concern basis, which the Trustees believe to be appropriate as they believe that the Fund has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least twelve months from the date of approval of these financial statements.

A retrospective adjustment has been made in relation to the recognition of annuity income due to a change in accounting policy. Previously the annuity income had been recognised within investment income. However, to reflect more clearly the change in market value of the annuity policy investment, the income will now be recognised within annuity sales proceeds. The SORP allows for both recognition policies and the Trustees have agreed the updated approach is the most appropriate policy choice. The retrospective adjustment has impacted the prior year investment income and change in market value figures, which have been restated. There is no impact on the Net Assets of the Fund as a result of this adjustment.

2. Accounting policies

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the non-statutory financial statements:

a) Investments

Investments are valued at fair value.

Pooled investment vehicles are valued at the closing bid price at the year-end date if both bid and offer prices are published, or, if single priced, at the closing single price provided by the relevant Fund Managers, which reflect the average value of the underlying investments.

Private equity investments are valued by the Trustees based on valuations provided by the investment managers, using the latest available valuations updated for any cash movements.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Derivative contracts’ changes in fair value are included in the change in market value. The fair value represents the unrealised profit or loss on the contracts at the year end.

Realised and unrealised gains/losses arising from changes in market values are taken directly to the Fund Account.

The Insurance Policy (the “buy-in” contract) has been valued by the Fund’s Actuarial Adviser at the estimated present value of the related obligation, determined using assumptions that are consistent with those used by the Trustees for funding purposes, based on market conditions at the reporting date.

b) Functional currency

The Fund’s functional and presentational currency is pounds sterling. Monetary items denominated in a foreign currency are translated to sterling using the closing exchange rates at the Fund year-end.

UNIAC PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Investment income

Interest on deposits is accounted for on an accruals basis.

Distributions from pooled funds are recognised when declared. Any amounts not received by the end of the reporting period are disclosed in other investment assets.

Income not distributed from pooled funds is reinvested and reflected in the unit price and is therefore accounted for within the change in market value of investments.

Receipts from the Insurance Policy (the “buy-in” contract) are accounted for as annuity sales proceeds so that all cash flows are shown together in the opening to closing reconciliation. This is a change from prior year when receipts were shown as investment income. Prior year comparatives have been restated.

d) Benefits

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

Where a member can choose whether to take their benefits as a full pension or lump sum or as a lump sum with reduced pension, the retirement benefit is accounted for on an accruals basis on the later of the date of retirement and the date the Trustees are notified that the option is to be exercised.

Other benefits are accounted for on an accruals basis on the later of the date of leaving the Fund and the date the Trustees are notified that the option is to be exercised or the date of death as appropriate.

e) Transfer values

Transfer values represent the capital sums paid to other pension schemes for members who have left the Fund. Transfer values are accounted for when the liability is accepted by the receiving scheme. In the case of individual transfers, this is normally when the payment of the transfer value is made.

f) Investment management expenses

Direct investment management fees are accounted for on an accruals basis. Indirect fees reflected in the pricing of pooled fund unit prices are not separately provided to the Trustees and are recognised in the change in market value.

g) Administrative expenses

Administrative expenses are accounted for on an accruals basis. No significant judgments have been made by the Trustees in the application of the principal accounting policies.

h) Key accounting estimates and assumptions

Significant assumptions and estimates have been made in the valuation of the Fund’s financial assets and liabilities classified as Level 3 under the fair value hierarchy, such as the Insurance Policy. Details of these financial assets and liabilities, the valuation techniques applied, and the significant valuation assumptions, are provided in note 9 of these financial statements.

3 Benefits paid or payable

	2023	2022
	£000	£000
Pensions	7,931	8,389
Lump sum retirement benefits	400	14
Lump sum death benefits	-	299
	<u>8,331</u>	<u>8,702</u>

UNIAC PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Payments to and on account of leavers

	2023	2022
	£000	£000
Individual transfers to other schemes	82	-

5 Administration expenses

	2023	2022
	£000	£000
Administration expenses	176	160
Legal and other professional fees	24	53
Actuarial fees	88	156
Audit fees	34	36
Trustee fees	34	36
Other expenses	16	25
	<u>372</u>	<u>466</u>

6 Income from investments

		Restated
	2023	2022
	£000	£000
Income from pooled funds	604	259
Interest on short term deposits	119	38
	<u>723</u>	<u>297</u>

A retrospective adjustment has been made in relation to the recognition of annuity income due to a change in accounting policy. Previously the annuity income had been recognised within investment income. However, to reflect more clearly the change in market value of the annuity policy investment, the income will now be recognised within annuity sales proceeds (note 8). The retrospective adjustment has impacted the prior year investment income and change in market value figures, which have been restated. Investment income was disclosed in 2022 as £6.9m and change in market value was negative £34.0m. These have been restated by £6.7m to £0.7m and negative £27.4m respectively.

7 Investment management expenses

	2023	2022
	£000	£000
Investment management	4	2
Custody	14	14
Investment consultancy	54	37
	<u>72</u>	<u>53</u>

Investment consultancy costs include the costs of the in-house investment support provided by the Uninvest Company. The cost for the year was £40k (2022: £37k).

UNIAC PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Reconciliation of investments

	Opening market value	Purchases at cost and Derivative Payments	Proceeds of sales and Derivative Receipts	Change in market value	Closing market value
	£000	£000	£000	£000	£000
Insurance policy	66,214	-	(6,200)	426	60,440
Pooled investment vehicles	37,678	7,173	(5,514)	563	39,900
Derivatives	(33)	215	(507)	372	47
	<u>103,859</u>	<u>7,388</u>	<u>(12,221)</u>	<u>1,361</u>	<u>100,387</u>
Cash	7,792			31	763
Other investment assets	116				167
Other investment liabilities	(3,549)				-
	<u>108,218</u>			<u>1,392</u>	<u>101,317</u>

The change in the market value of cash is mainly due to variance in Foreign Exchange rates for cash & cash equivalent amounts held in foreign currencies.

Transaction costs are included in costs of purchases and deducted from sale proceeds. There were no direct transaction costs in the current or prior year. Indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles, and charges made within those vehicles. These indirect costs are not separately provided to the Fund and therefore are not separately disclosed.

Concentration of investment

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

	2023		2022	
	£000	%	£000	%
Legal & General Insurance Policy	60,440	58.9	66,214	60.5
BlackRock UK Inflation Linked Bond fund	13,249	12.9	11,697	10.7
NT Euro Gov Inflation Linked Bond fund	15,334	14.9	11,335	10.4
Uninvest IV – Diversified Income Fund	10,637	10.4	10,737	9.8

This represents a total of 97.1% (2022: 91.4%) of the net assets of the Fund. The insurance policy with L&G provides a monthly income stream to match the benefits relating to certain specified pensioner members.

9. Insurance policy

The Insurance Policy (the “buy-in” contract) has been valued by the Fund's Actuarial Adviser as the estimated present value of the related obligation, determined using assumptions that are consistent with those used by the Trustees for funding purposes, based on market conditions at the reporting date. At the reporting date, the single equivalent rates were 3.85% pa (gilt yield) and 3.40% pa (pension increase rate, based on RPI capped at 5% pa and floored at 0% pa). Demographic assumptions are assumed to follow 96% for males and 92% for females of the mortality rates contained in the SAPS “S3PA Light” tables for pensioners. These have been set in line with the assumptions used for the 2023 valuation.

UNIAC PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Pooled investment vehicles

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

	2023	2022
	£000	£000
Bonds	28,583	25,971
Diversified income	10,637	10,737
Private equity	679	970
Liquidity funds	1	-
	<u>39,900</u>	<u>37,678</u>

11. Derivatives

During the year the Trustees used Northern Trust to hedge the currency risk on the Diversified Income Fund. Northern Trust used currency derivative instruments to hedge the Euro exposure back to Sterling. These derivatives are all Over The Counter (OTC).

At the year end the Fund had the following derivatives:

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Forward foreign currency contracts	<u>51</u>	<u>(4)</u>	<u>2</u>	<u>(35)</u>

Forward foreign currency contracts

Settlement date	Currency bought	Currency bought £000	Currency sold	Currency sold £000	2023		2023	
					Assets £000	Liabilities £000	Assets £000	Liabilities £000
January 2024	GBP	10,699	EUR	(10,650)	49	-		
January 2024	EUR	10,650	GBP	(10,650)	2	(1)		
April 2024	GBP	10,548	EUR	(10,551)	-	(3)		
					<u>51</u>	<u>(4)</u>		

12. Cash and other investment assets/liabilities

	2023	2022
	£000	£000
Cash deposits	<u>763</u>	<u>7,792</u>
Other investment assets		
Accrued income	<u>167</u>	<u>116</u>
Other investment liabilities		
Amounts due to brokers	<u>-</u>	<u>(3,549)</u>

UNIAC PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Fair value determination

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

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

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

	2023			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Insurance policy	-	-	60,440	60,440
Pooled investment vehicles	-	39,221	679	39,900
Derivative contracts	-	47	-	47
Cash	763	-	-	763
Other investment balances	167	-	-	167
	<u>930</u>	<u>39,268</u>	<u>61,119</u>	<u>101,317</u>

	2022			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
Insurance policy	-	-	66,214	66,214
Pooled investment vehicles	-	36,708	970	37,678
Derivative contracts	-	(33)	-	(33)
Cash	7,792	-	-	7,792
Other investment balances	(3,433)	-	-	(3,433)
	<u>4,359</u>	<u>36,675</u>	<u>67,184</u>	<u>108,218</u>

14. Investment risk disclosures

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

- Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk: this comprises currency risk, interest rate risk and other price risk:
 - Currency risk: this is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates.
 - Interest rate risk: this is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of the changes in the market interest rates.
 - Other price risk: this is the risk that fair value of future cashflows of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument of its issue, or factors affecting all similar financial instruments traded in the market.

The Trustees determine their investment strategy after taking advice from a professional investment adviser. The Fund has exposure to these risks because of the investments it makes in the investment strategy set out below. The Trustees manage investment risks, including credit risk and market risk, within agreed limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk

UNIAC PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)

limits are implemented through the investment management agreements in place with the Fund’s investment managers and monitored by the Trustees by regular reviews of the investment portfolio.

Further information on the Trustees’ approach to risk management, credit and market risk is set out below.

(i) Investment strategy

The investment objective of the Trustees is to ensure that sufficient assets are available to pay out members’ benefits as and when they fall due. A large part of the assets is secured as a pension policy with an insurance company held in the name of the Trustees. The Trustees will invest the remaining assets to achieve a balance between the desire to achieve sufficient investment returns to be able to secure the benefits and the need to match the Fund’s liabilities (in terms of insurance pricing where possible), in light of the need to minimise the risk of an unacceptably high contribution rate (or low funding level) resulting from too aggressive an investment strategy. Further, the Trustees wish to maintain the investments of the Fund at sufficiently marketable levels so that the Fund can realise the investments, if necessary, to make the benefit payments.

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

Assets	Target	Year End (%)
Growth assets*	Surplus assets above that required to cover plan liabilities	11.0
Matching assets**	To match liabilities	87.5
Cash and net current assets	Maintain a working liquidity buffer close to £1m	1.5
Total		100.0

**The “Growth Assets” comprise private equity holdings and a Diversified Income Fund.*

***The “Matching Assets” are composed of a combination of index-linked bonds, cash and an insurance policy designed to cover specific liabilities of the Fund.*

(ii) Credit risk

The Fund is subject to credit risk as it invests in pooled investment vehicles and therefore is directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. In addition, the Fund is subject to credit risk on the underlying bond holdings, which make up around 28% of the total assets. This risk is mitigated as almost all of the bonds are invested in highly rated UK, German or French Sovereign bonds, where the risk of default is considered to be very low. No corporate bonds are held. Approximately 0.7% (2022: 1.0%) of the assets are held in private equity investments which will be exposed to credit risk.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangement being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and the diversification of investments amongst a number of pooled arrangements. Trustees carry out due diligence checks on an ongoing basis to monitor any changes to the operating environment at the pooled fund manager. Pooled investment bond arrangements used by the Fund comprise unit linked insurance contracts and authorised unit trusts. The Fund’s private equity arrangements are held in closed end pooled funds. The Diversified Income Fund (“DIF”) is a sub-fund of Uninvest IV, which is a Luxembourg SICAV.

The Fund is exposed to credit risk in relation to the income stream from the buy-in contract and the security of the provider. The Trustees completed extensive due diligence before entering the contract and they keep the position under regular review to ensure the credit risk is appropriately managed. A cost benefit decision was

UNIAC PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)

made to not require collateral arrangements to support the contract, but that is not uncommon with similar buy-in contracts and was considered reasonable given the regulation and capital requirements in place.

(iii) Currency risk

To maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested in the Diversified Income Fund (“DIF”). This is a Euro denominated investment. The Trustees have implemented a currency hedging programme to mitigate the currency risk of this investment relative to their sterling liabilities via use of forward currency contracts. Northern Trust manages the currency hedge on behalf of the Trustees. The forward contracts are rolled and rebalanced on a quarterly basis.

The currency risk is minimal versus the liabilities. A pooled fund that invests in overseas inflation bonds (German and French) is held but that is to cover mainly Eurozone liabilities. The private equity investments are exposed to currency risk, but the Trustees consider this negligible given the level of the holding, approximately 0.7% (2022: 1%) of the Fund’s assets.

(iv) Interest rate and inflation risk

The Fund is subject to interest rate risk because some of the Fund’s investments are held in bonds through pooled vehicles. This risk is mitigated as the bond portfolio matches the duration of the liabilities and is invested in inflation linked bonds. In addition, approximately 59% (2022: 61%) of the investments are held in a buy-in insurance policy that matches the movement in pensioner liabilities.

(v) Other price risk

At the year end, approximately 11.0 % (2022: 10.8%) of the investments were held in return seeking assets. The Trustees believe this risk to be low given these investments are considered surplus assets. The risk of overall price movements nonetheless is managed by constructing a diversified portfolio of assets invested across various companies and markets.

15. Employer related investments

There were no direct or indirect holdings in the Company at any point in the current or prior year.

16 Current assets

	2023	2022
	£000	£000
Cash	1,535	1,529
Due from Unilever UK Pension Fund	7	6
Sundry debtors	44	46
	<u>1,586</u>	<u>1,581</u>

17 Current liabilities

	2023	2022
	£000	£000
Benefits payable	113	286
Accrued administration & investment expenses	140	121
	<u>253</u>	<u>407</u>

UNIAC PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Commitments

At 31 December 2023, the Fund had a total Private Equity portfolio of £0.68m (2022: £0.97m). The original commitments to the remaining investment funds were GBP £8.6m, and there were no new commitments to Private Equity in 2023. Although some originally committed amounts remain uncalled, all funds now have ended investment periods so only follow-on investments could be called which are not expected. There were no capital calls in the year.

19. Related party transactions

Key management personnel

The Independent Trustee received fees of £20,944 (2022: £22,537). An agreed honorarium is paid to each Director of Unilever Pension Trust Limited who is no longer employed by a Unilever Group Employer. The amount paid to the Chairman was £5,000 per annum and the amount paid to other Trustees was £4,000 per annum. Total fees and expenses paid to Trustees (including the Independent Trustee) in the year were £34,076 (2022: £35,601).

Employer and other related parties

Administration and investment costs include amounts paid to Unilever UK Central Resources Limited in respect of the services provided by Unilever UK Pensions and the Uninvest Company.

Included within administration costs are:

- £157,000 (2022: £147,000) was payable to Unilever UK Central Resources Limited for services provided by Unilever UK Pensions
- £13,670 (2022: £13,705) which was paid to "UNION" OFP, the Unilever Belgium Pension Fund for the administration cost of the Belgium section.

Within investment costs, £40,000 (2022: £36,731) was payable to Unilever UK Central Resources Limited for consultancy services provided by Uninvest Company.

Included in current assets is an amount of £6,429 (2022: £6,304) in respect of pension elements paid by the Belgium section on behalf of the Unilever UK Pension Fund.

The benefits payable figure in current liabilities includes a debit balance of £28,601 (2022: £28,601) in respect of amounts due to the Fund from the Union East Africa Pension Fund. Credit balances are in respect of amounts due to the Netherlands and South Africa pension funds for pensions paid on behalf of the Fund.

There are no direct fees paid by the Fund for the Uninvest Pooled Funds, but costs are incurred by these funds and are reflected in the unit pricing. As explained in the Investment Report, the Uninvest pooled vehicles consist of a range of sub-funds, each with separately investment managers appointed by the Uninvest Investment Committee. Information on the Fund's holdings in Uninvest pools is included in note 10.

No refunds have been made to an Employer in 2023 (2022: £Nil).

**UNIAC PENSION FUND
ACTUARIAL CERTIFICATES**

SCHEDULE OF CONTRIBUTIONS

Period covered by this Schedule:

A five-year period effective from the date of certification of this Schedule by the Actuary.

Level of contributions payable:

By members: Nil

By employers: Nil

Notes:

1. Contributions are subject to review at future actuarial valuations.
2. Additional contributions may be required under Rule 4 in respect of augmentations granted to members of the Fund.
3. A reserve is held in the Fund in respect of on-going administration expenses, as these are payable directly by the Fund.
4. The employers may make payments to the Fund additional to those described above.

This Schedule of Contributions replaces the Schedule of Contributions dated 24 September 2018 with effect from the date of certification.

Agreed on behalf of Unilever plc

Name: S Padhiar

Date: 20 September 2021

**Agreed on behalf of Unilever
Pension Trust Limited**

Name: N L T Williams

Date: 17 September 2021

**Agreed on behalf of The Law
Debenture Pension Trust
Corporation**

Name: A Eagles

Date: 17 September 2021

UNIAC PENSION FUND
ACTUARIAL CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of Fund: Uniac Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.
2. I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

3. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles signed on behalf of the trustees of the Fund on 17 September 2021 and by Unilever plc on 20 September 2021.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to continue to be met is not a certification of their adequacy for the purpose of securing the Fund's liabilities by the purchase of annuities, if the Fund were to be wound up.

Signature: Clive Wellsted
23 September 2021

Name: Clive Wellsted, Appointed Scheme Actuary. Fellow of the Institute and Faculty of Actuaries

Address: Lane Clark & Peacock LLP
95 Wigmore Street London, W1U 1DQ