

UPP OFP DB IRELAND COMPARTMENT 2024 NEWSLETTER

Welcome to the first newsletter of the Unilever OFP Pension Plan DB Ireland Compartment (“the Plan”) 2024, keeping you up to date with Plan developments and providing a summary of the Annual Report and accounts to the end of the 2023 Plan year.

Chairman’s introduction

In our 2023 newsletter we announced that the relocation of the Plan from Luxembourg (UPP ASSEP) to Belgium (UPP OFP) would take place in Q4 2023. I am delighted to confirm that the transfer has now been completed and all the assets and liabilities are now held in the UPP OFP. Following the move there is no change to the benefits provided to you by the Plan.

There are a few subtle changes you will note in this newsletter, including the new methods of valuing the Plan’s liabilities, and also Associates of the Irish Compartment are now referred to as Committee members.

The end of global central banks’ interest rate hiking cycle to combat post-pandemic inflation gave rise to significant volatility in interest rates and inflation over the course of 2023. After de-risking measures put in place in 2022, the Plan was well positioned to withstand the resulting market movements and the funding level has remained strong and stable.

The Committee continues to monitor these external pressures and their impact on the Plan making any changes necessary to protect the best interests of Plan members.

During 2023 Jim Foley retired as the independent Associate to the UPP ASSEP Ireland Compartment, on behalf of my fellow Directors and Committee members I would like to thank Jim for his service to the Plan, his expert pensions knowledge has been invaluable over recent years. We wish him all the best in his future ventures.

Gerard Keane has been appointed as the independent Committee member to the Irish Compartment. Gerard has over 30 years of experience in the pensions industry and has served as both Chairman and Treasurer of the Association of Pension Trustees in Ireland (APT). He is a Revenue approved Pensioner Trustee, a Qualified Financial Adviser (QFA) and Pension Trustee Practitioner (PTP).

We hope that you find the information contained within this newsletter interesting, informative, and most of all reassuring in that the Plan continues to operate efficiently with the full support of Unilever. Please do get in contact if you have any questions regarding the Plan, your benefits, or if there is a topic that you would like to see featured in our next issue.

Liam Mulcahy

Contacts

In order to ensure the administration records of the Plan are kept up to date it is important that you notify us of any changes to your personal circumstances. Please use the contact details below to inform us of any changes, such as change of address or marital status:

PENSIONERS

Pension Payroll helpline
(01) 536 0803

pensionpayroll@mercer.com

ACTIVE AND DEFERRED MEMBERS

Geraldine Perry
(01) 411 8384

geraldine.perry@mercer.com

IPP PORTAL (DC & AVC)

<https://webint.previnet.it/skyway-unilever>

UPP OFP WEBSITE

<https://theunileverpensionplan.com/>

Who’s who

Committee members Advisors & Contacts

Company Appointed:

- Liam Mulcahy (Chair)*
- Jim Reeves

Employee Nominated:

- Shay Leonard

Pensioner Nominated:

- John McGinley

Independent:

- Gerard Keane

*Also Director of the UPP Board

Administrator

- Mercer Ireland

Compartment Actuary

- Liam Quigley, Mercer Ireland

Investment Advisors

- Mercer Ireland

Investment Administration Services

- Uninvest

Investment Managers

- Uninvest, Blackrock

Custodian

- Northern Trust

Registered Auditor

- Ernst & Young



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Plan Governance

Significant legislative changes were introduced during 2022 that apply to all pension schemes in Europe to further enhance the security of member benefits. As part of the changes the Directors have made a number of appointments at Board level who will report to the Directors in respect of all Compartments. These include a Risk Manager, Compliance Officer and Internal Auditor.

Unilever Pension Plan ASSEP

We can confirm that the transfer of assets and liabilities from the Luxembourg scheme has now been completed and the ASSEP has been liquidated. The 2023 annual report below is a combined financial summary covering the 10 month Luxembourg period and 2 month Belgian period of the Plan.

Annual Employer Covenant Review

The Committee members completed their annual review of the employer covenant at their July meeting. The Committee are satisfied that the covenant remains strong despite the proposed changes to the Unilever business including demerger of the Ice Cream business. The investment portfolio of the Plan continues to be heavily derisked which has seen the funding position remain strong. Consequently, the need for any future company funding is reduced with less reliance on the employer covenant. The Committee are aware that the compartment continues to depend on the support of the Unilever Group.

Combined Financial Summary for the 12 months to 31 December 2023

The UPP report and accounts have been prepared for the Luxembourg and Belgian periods of 2023. The accounts are prepared and audited at Board level and comprise all the individual Compartments which form part of the UPP from across Europe. The report and accounts for the UPP OFP were approved on 14 June 2024. The report and accounts for the UPP ASSEP were approved on 5 April 2024.

Local reports comprising the Irish section of the accounts and a Committee report for both the OFP and ASSEP were prepared and signed by the Committee on 25 September 2024. A copy of the reports can be found at <https://theunileverpensionplan.com/>.

Alternatively, they may be inspected on application to the Secretary, Unilever Pension Plan DB Ireland Compartment, Unilever Ireland, 20 River Walk, National Digital Park, Citywest Business Campus, Dublin 24.

A summary of the financial position of the Compartment for the full year along with membership details is shown below:

Membership details as at 31 December 2023

Category:	31/12/2023	31/12/2022
Active	32	36
Deferred Pensioners	632	664
Pensioners	834	830
Life Assurance Only*	53	65

* Life Assurance only members are eligible for membership of the UPP International Pension Plan for pension benefits.

Combined Financial summary for the Plan (Irish compartment) year ending 31 December 2023

The summary below combines the accounts for the periods of Luxembourg ASSEP and Belgian OFP

Contributions and Benefits	
Contributions & other income	€489,614
Benefits and payments to leavers	(€13,788,792)
Administrative expenses	(€1,461,747)
Net (decrease) / additions from dealings with members	(€14,760,925)
Net returns on investments	€17,117,136
Net (decrease) / increase in fund during the year	€2,356,211
Net Asset Statement	
Net assets of the Fund at start of period	€306,463,647
Net assets of the Fund at end of period	€308,819,858

Plan funding

At each Plan year end the Actuary (previously referred to as the Liability Manager) calculates the funding level at that time. For 2023 the Actuary calculated the funding level on both the Luxembourg (PBO and ABO) and Belgium (LTF and STF) valuation methods.

The most notable difference between the valuation methods is the Belgian regulators requirement to include an additional reserve referred to as a "Solvency Margin" catering for unexpected losses that could result from risk benefits (death in service and ill health) that are self-insured under the plan.

The valuations showed that the Plan was in surplus on both the Long Term Funding Target (LTF), comparable to the Projected Benefit Obligation (PBO) and the Short Term Funding Target (STF) comparable to the Accrued Benefit Obligation (ABO) funding measures, as follows:

Figures in €m	31 December 2023		31 December 2022	
	LTF/PBO	STF/ABO	PBO	ABO
Value of liabilities	€249m	€220m	€236m	€213m
Value of assets	€309m	€309m	€306m	€306m
PBO(LTF)/ ABO(STF) Surplus/ (Deficit)	€60m	€89m	€70m	€93m
Solvency Margin	€7m	€7m	n/a	n/a
LTF/STF Surplus/ (Deficit) including Solvency Margin	€53m	€82m	n/a	n/a
Funding Level	121%	136%	130%	144%

The Company and Committee agreed that, given the extent of the surplus at 31 December 2023, no company contribution was required for 2024. The Committee keeps the position under regular review and these reviews have shown that the Plan has continued to maintain a healthy surplus in the first half of 2024, at a time when investment markets were very volatile.

The next formal valuation date is 31 December 2024.

LTF is based on the value Unilever hold for the Plan in their company accounts, but reflecting the assets actually held by the Plan. It is subject to review by the Committee and approved by the UPP OFP Board of Directors.

STF for pensioner members is the same as the LTF described above. For active and deferred members, the liability value is based on the prescribed statutory minimum transfer values that would apply in circumstances where an individual requested a transfer of their benefit entitlements out of the Plan.

Investment update

The Scheme hit the final de-risking funding level trigger (105%) of the strategic investment review at the end of June 2022 and de-risked to the final target asset allocation in July 2022. The current strategic asset allocation (SAA) is shown below. Note that c.85% of the Plan's assets are now invested in lower risk liability matching assets, with the remaining c.15% invested in growth (return seeking) assets. Of this 15%, 5% remains invested in equities:

Current Plan Asset Allocation

Global Developed Equities	5%	Growth Assets
Diversified Income Assets	10%	
Global Sovereign Bonds	10%	Liability Matching
Global Credit Bonds	35%	
LDI Portfolio (Fixed Income Assets)	40%	

* Derivative programme estimated to reduce the impact of interest rate and Euro HICP (inflation) movements by approximately 90%.

With 12 month inflation running at 9.3% at end 2022, the ECB continued to hike rates aggressively in 2023 and its policy rate rose from 2.5% to 4.5% over the year. Inflation fell dramatically as a result, with 12-month inflation reaching 2.3% at end-November 2023. Interest rates fell sharply in Q4 2023, as markets became increasingly confident that central banks were getting inflation under control. The Plan's sovereign bond allocation finished up c.3.7% for the year. At year-end, up to seven ECB interest rate cuts of 0.25% were being priced in by investors for 2024. Although this subsequently proved to be overdone, the ECB did implement its first rate cut (-0.25%) since 2016, in June 2024. Inflation in the US has proved stickier and the Fed has so far been cautious about cutting its policy rate too early. The first rate cut in the US is expected in September of this year. It is important to note that the sensitivity of Plan fixed income assets (incorporating the LDI portfolio) to movements in interest rates and inflation has been carefully calibrated to largely offset similar exposures in the Plan liabilities. The plan is 90% hedged against inflation and interest rate risk. As a result, on a net (assets minus liabilities) basis, the funding level volatility experienced by the Plan due to the interest rate and inflation movements outlined above has been low.

2023 was a strong year for the Plan's allocation to Corporate Bonds, with much of the positive performance for the year being delivered in Q4, as interest rates fell. Credit spreads also moved lower over this period as markets pivoted to "risk -on" positioning in anticipation of further central bank rate cuts and a soft landing for global economies.

The expectation that central banks would not have to maintain restrictive levels of interest rates in 2024 also gave rise to a strong rally in equity markets in Q4 2023. The Plan's investment in global equities was up c.19% over the year.

The Scheme remains very well funded (>100%) on a conservative, low risk, basis and is well positioned to deliver member benefits in the future.

Active and Deferred member information

CARE limits

For active members of the Plan, pensionable service accrues after 1 May 2014 on a career average basis whereby the pension you build up each year is based upon pensionable salary in that year, subject to a lower and upper limit. Following consultation with the Company the lower and upper limits for 2024 are as follows:

- Lower Level increased to €14,419.60, to reflect the increase in the State Pension.
- Higher Level increased by 4.8% to €82,112 from €78,351 in 2023.

Pension contributions are calculated on salary in excess of 1.5 times the Lower Level so pension contributions are payable on all relevant pensionable salary above €21,629. The higher level is the limit for matched contributions into the UPP International Pension Plan (IPP) DC arrangement.

Members with benefits in the IPP can elect to vary their contributions to that arrangement.

IPP Compartment

All contributions paid to the Defined Contribution arrangement, including AVCs, are paid to the IPP Compartment of the UPP. A new administrator – PreVinet - has been appointed and all members should have login information to the new administrator portal which can be accessed at <https://webint.previnet.it/skyway-unilever>. The Platform can be used to:

- Find out current value of pension
- Change investment options
- Find out more information on the plan (member booklet, annual statements etc)

Your Plan benefits

Where members are electing to take their benefit at point of retirement or on leaving service the administrator will request certain information, such as birth certificates, declaration of other pension benefits which must be provided before any benefit can be paid. It is important to ensure that all documentation is provided at the outset of the process to avoid any unnecessary delays.

The Plan administrator annually issues benefit statements to all active and deferred members. It is important that you notify the administrator of any change in your contact details including an up-to-date email address to ensure you can be contacted regarding your benefits. You can now also access information about the Plan using Mercer OneView. In order to obtain access to the system you must first contact the administrator to request a Personal Access Code (PAC) be provided to you.

Logging on to Mercer OneView

1. Visit <https://www.merceroneview.ie>
2. Enter the Employer code: **UNILEVER**
3. Enter your Employee ID: This is the member number on your Benefit Statement
4. Enter your Personal Access Code (PAC)
5. Click Submit

Support can be provided to anyone seeking to draw down their benefits from the Plan. Mercer's JustASK member helpline is on hand to answer any questions you have about the Plan, or how to use Mercer OneView. Call +353 (0)1 4118505 on weekdays (excluding holidays) from 09:00 - 17:00.

Pensioner information

Increases to pensions in payment

Pension increases (up to a maximum of 4%) are applied from 1 September each year based on the annual CPI increase for the preceding May which in 2024 was 2.6%. This means that Unilever pensions have increased by 2.6% from 1 September 2024.

For KBF pensions the discretionary increase is 1.73%.

Company pensions have increased from September 2024 in line with the above.

Certificate of entitlement

The current exercise commenced in Q2 2024. If you have not responded to the request the Committee members may seek to suspend your future pension payments until a satisfactory response is received. If you have not responded please do so as a matter of urgency or contact the administrator of the Plan if you require any assistance with the process.

Taxation of your pension

If you are in receipt of a pension from the Plan and particularly if you are also in receipt of a pension from another source (including the state pension) it is your responsibility to ensure your tax certificates are up to date and applied correctly.

Your pension pay and tax details for 2023 will be on your December 2023 payslip. You can also request a copy of your Employment Detail Summary by contacting Revenue on 01-7383636 or through MyAccount:

<https://www.revenue.ie/en/online-services/services/register-for-an-online-service/register-for-myaccount.aspx>

What do you need to register for MyAccount?

- PPS number
- Date of Birth
- Mobile number or landline number
- Email address
- Home address
- You may be asked for the Mercer employer registration number which is **0834206V**.