UNILEVER PENSION PLAN OFP

Institution for Occupational Retirement Provision
Authorised on 06/09/1993
FSMA identification number: 50.125
Registered office:
Industrielaan 9
1070 Brussels
Company number : 0409.606.947

DEFINED BENEFIT NETHERLANDS COMPARTMENT

STATEMENT OF INVESTMENT POLICY

September 2023

Section 1 - Purpose

1.1 The Unilever Pension Plan (the “**UPP**”) is registered in Belgium as an “OFP” (Organisation for Financing of Pensions) under the Belgian law of 27 October 2006 on the supervision of institutions for occupational retirement provision (IORP Act) and related regulations. The OFP is recognised authorised by Royal Decree of 6 September 1993 and registered with the FSMA with number 50.125. The OFP is extended with multiple separate funds within the meaning of article 80 of the IORP Act (Compartments) as from 1 October 2023.

Unilever PLC (the “Company”) provides additional pension benefits to certain senior managers through the Defined Benefits Netherlands compartment of the Unilever Pension Plan (the “Plan”) in Luxembourg and then in Belgium from 1 December 2023. For the avoidance of doubt, any reference to the Plan in this statement of investment policy (the “Statement”) shall be construed as a reference to the Pension Fund for and on behalf of the DB Netherlands Compartment. The Plan is a defined benefits arrangement. The objective is to provide members additional pension benefits at retirement, with the intention to increase the benefits annually with a cost of living indexation if and in so far as the investment returns make this possible. The prudent and effective management of the Plan’s assets will have a direct impact on the achievement of the objective.

1.2 The investment policy is intended to ensure the performance targets of the Plan will be financed at the best possible performance/investment ratios. The goals of the investment policy are Security, Income; Liquidity and Availability and are consistent with the Plan's objectives. The Plan’s risk capacity has to be taken into account adequately.

1.3. This statement of investment policy (the “Statement”) addresses the manner in which the Plan shall be invested. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with all relevant legislation. The Statement has been prepared by the Board together with the Committee to ensure continued prudent and effective management of the Plan. The Statement also defines the management structure and other procedures adopted for the ongoing operation of the Plan. The Statement complies with all relevant legislation.

1.4 In addition to adhering to local regulations and legislation, the Plan also adheres to the Unilever Corporate Investment Policy except with areas where approval has been given to deviate. This Policy addresses all major areas of pension scheme investment and forms the basis of this Statement.

Section 2 – Plan Governance

2.1 The Board is responsible for the overall management of the Plan but has delegated via a Board resolution certain functions to the Committee as further described in this Statement including *inter alia* to monitor and review all aspects of the Plan's investments on its behalf. The Committee will update the Board at least annually on the Plan's investments and seek Board approval for any changes to the Statement, the services providers or investment strategy/philosophy before implementation. The responsibilities set out below are subject to the delegation described in this paragraph being noted that the Board is ultimately responsible for the delegated functions. The Committee shall thus act at all times under the responsibility of the Board.

2.2 The Committee shall in relation to the investments of the compartment:

- establish and adopt the Statement;
- review the investment structure and ensure the Plan complies with the Belgium legislative framework;
- review the Statement every three years unless certain events or developments make an earlier review necessary, and confirm or amend it as needed;
- make recommendations to the Board in the selection and appointment of the custodian (the "Custodian") to hold the assets of the Plan;
- make recommendations to the Board in the selection of the investment managers (the "Investment Managers");
- evaluate quantitatively and qualitatively each Investment Manager performance at least annually. The review shall include a comparison of the rates of return achieved relative to the objectives established, an analysis of the reasons for such returns, and an assessment of the risk taken in the pursuit of such returns as well as assessing their capability to add value in the future; and
- delegate tasks relating to the overall management of the Plan to selected employees of the Company and/or to selected agents retained by the Board.

The summary of duties shown below for each agent of the Plan are not shown as being fully inclusive; this can be found in the contract with each agent.

<u>The Investment Managers</u>

2.3 The Investment Managers shall:

- perform the duties required of the Investment Manager pursuant to agreements entered into from time to time with the Pension Fund for the DB Netherland Compartment;
- meet with the Committee at least annually to present their analysis of the investment performance and to describe their current and future investment strategies regarding their specific investment mandates; and

- provide the DB Netherland Compartment, on a quarterly basis, with summaries of the performance of each fund during the past quarter.

<u>The Custodian</u>

2.4 The Custodian shall:

- perform the regular duties required of the Custodian by Law; and
- perform the duties required of the Custodian pursuant to agreements entered into from time to time with the Company.

<u>The advisor - Univest Company BV</u>

2.5 Univest Company is a global unit in which investment expertise of Unilever pension funds is centralized worldwide. Univest Company operates independently and provides services to Unilever's large and medium-sized pension funds. The role of Univest Company includes:

- advising the Board of Directors and Committee on the investment policy
- support to the Board of Directors and Committee in the implementation of the strategic investment plan (SIP) within the specified ranges
- support to the Board of Directors and Committee in the selection of investment funds
- supporting the Board of Directors and Committee in the selection and appointment of investment managers
- monitoring and following up the investment managers for the purpose of evaluation by the Board of Directors and Committee
- monitoring and following up on the identified risks
- taking care of the investment reports to the Board of Directors and Committee

Section 3 - Plan Characteristics

Plan Characteristics

3.1 The Plan is a defined benefits pension scheme. The Company contributes to the Plan at a level determined by the Financing Plan .

3.2 Retirement benefits are provided on the regular retirement date. Besides partners pensions and orphans pension are provided as described in the Rules. The participant can opt to retire at another date than the regular retirement date in which case the pensions shall be recalculated based on the same actuarial value.

3.3 All benefits are in Euros. Changes are not permitted unless there are extenuating circumstances and agreed by the Board.

3.4 The duration of the liabilities equals approximately 14 years.

Section 4 - Investment Objectives and Principles

Investment Objectives

4.1 The Committee shall manage the Plan on a going concern basis, with the objectives of:

- The primary purpose of the Plan is to guarantee the accrued pension and to grant indexation on a cost of living indexation as much as possible.
- The structure must allow the Plan to manage the investment risks.

Investment Principles

4.2 The Committee believes that the investment policy should include a sizeable proportion of investment in bonds. The Committee shall from time to time review its investment principles.

Investment Management Structure

4.3 The Committee has established the investment management structure to maximise the use of Univest, Unilever's investment pooling vehicle. The advantages of investing via Univest include:

- Simplifying the implementation of strategic asset allocation decisions
- Selection of 'best of class' asset managers
- More diversified manager structure which aims to achieve a higher expected return with lower volatility
- Better leverage of economies of scale
- Efficient governance structure
- Lower administrative and monitoring burdens for local plans
- Enhanced returns from bundling of securities lending and commission recapture as well as more efficient cash flow management

Univest will have the following active mandates:

- Global Credit and Global Developed Sovereign bonds
- Global equities
- Emerging market equities
- Emerging market debt
- Diversified Income

Particulars of the mandates and performance objectives of the Investment Managers are contained in Section 7. The Committee keeps these mandates under review and if there is a need, then the mandates may be adjusted or extended.

Section 5 – Legal / Corporate Requirements and Regulations

Legal Requirements

5.1 The Plan shall comply with all relevant government legislation and financial services regulations of Belgium, as they apply to an OFP.

Corporate Requirements

5.2 The Plan shall comply with all Corporate Investment Policy requirements, unless by so doing the Plan would not comply with 5.1.

Section 6 - Asset Allocation/Permitted Investments and Constraints

Asset Allocation

6.1.1 The strategic allocation of the assets is viewed by the Committee as the most important means of controlling the balance between risk and expected return of the Plan. The assets are invested in a way appropriate to the nature and duration of the liabilities. The following strategic asset allocation has been chosen:

Asset Class	**Current**	**Once 115% Funding level is achieved**	**Once 125% Funding level is achieved**
	Strategic Allocation (%)	**Strategic Allocation (%)**	**Strategic Allocation (%)**
Matching			
Global Developed Sovereign Bonds	**10 (+/- 5)**	15 **(+/- 5)**	20 **(+/- 5)**
Global Credit	**40 (+/- 5)**	60 **(+/- 5)**	80 **(+/- 5)**
Growth			
Global Equities	**20 (+/- 5)**	10 **(+/- 5)**	0
Diversified Income Fund (DIF)	**20 (+/- 5)**	10 **(+/- 5)**	0
Emerging Market Equities	**5 (+/- 3)**	2.5 **(+/- 2.5)**	0
Emerging Market Debt (EMD)	**5 (+/- 3)**	2.5 **(+/- 2.5)**	0
Cash	**0**	0	0
Total	**100**	100	100
Expected Return (p.a.) over 15 years average (see notes 5 & 6)	*2.3%*	*1.5%*	*0.7%*
VAR (1 year, 95%)	*€3.2m*	*€ 2.5m*	*€3.2 m*

Note 1: Funding level is based on the Long-Term Technical Provision calculated by the actuary.
Note 2: Rebalancing tolerance range shown in brackets.

Note 3: assets on 31 December 2021: €49m.

Note 4: VAR is the estimated level of asset falling (1-in 20-year event relative to the asset allocation of proposed portfolio)

Note 5: The expected return (without taking into account the expected additional returns due to active management) shown in the table above is based on the independent Investment Consultant's (Willis Towers Watson) future expected risk and return assumptions. The assumptions used were as of 31 March 2022 included in the last Asset Liability Modelling (ALM) study.

Note 6: Willis Towers Watson 15-year Euro assumptions as at 31/3/2022 used as part of the stochastic asset ALM study to determine the chosen portfolio.

Note 7: No currency restrictions applied. However, in practice, 70% of the assets are Euro denominated or their currency exposure is hedged back into Euro, therefore currency mismatch is limited versus that of the liabilities. The Committee believes that such an exposure is acceptable as part of a diversified investment portfolio. The exposure to non-Euro currency assets will be reviewed as part of the overall monitoring of the Investments by the Committee.

Note 8: Fixed Income is predominantly Investment grade bond (albeit managers have some flexibility to hold downgraded bonds) and there can be up to 50% exposure to non-investment grade securities in DIF and EMD funds.

The strategic allocation cannot be allowed to drift too far (as a result of market movements) because this would jeopardise the balance between risk and expected return on the Plan. Ranges have therefore been set around the strategic allocation and the fund allocation is rebalanced when these ranges are breached.

The Investment Managers have been given guidelines consistent with these ranges and the total fund allocation will be controlled by managing the amounts allocated to each Investment Manager; whenever possible this will be done using cashflows into and out of the fund, in order to minimise transaction costs.

There is no strategic allocation to cash. As a general rule, the equity Investment Managers are expected to be fully invested. The maximum 5% allocation allows for cash to be held pending transactions within the portfolios.

<u>Permitted Investments and constraints</u>

6.2.1 The Plan's assets are invested exclusively in the Investment Managers' pooled funds and so the Investment Managers shall be governed by the Investment Managers' own investment policy for the pooled funds.

The Committee as delegated by the Board are engaged in an ongoing process of monitoring the funds in order to ensure funds remain consistent with the guidelines of the pooled funds which were assessed at the time of selection.

6.2.2 Any changes to the Investment Managers need to be approved by the Board.

6.2.3 The FSMA should be informed of any changes to the Statement. A change in Underlying Fund or Benchmark is not considered as a change to the Statement.

Valuation of assets

(a) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board may consider appropriate to reflect the true value thereof;

(b) The value of transferable securities, money market Instruments and any financial assets listed or dealt in on a regulated market, or stock exchange shall be based on the last available price on the relevant market which is normally the principal market of such assets;

(c) In the event that any assets are not listed or dealt in on any regulated market, any stock exchange, or if, with respect to assets listed or dealt in on any such markets, the price as determined pursuant to paragraph (b) is, in the opinion of the Committee, not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith by the Committee;

(d) The Board may authorise the use of the amortised cost method of valuation for short-term transferable debt securities. This method involves valuing a security at its cost and thereafter assuming a constant amortization to maturity of any discount or premium regardless of the impact of fluctuating interest rates on the market value of the security or other instrument. While this method provides certainty in valuation, it may result in periods during which the value as determined by amortised cost, is higher or lower than the price the General compartment would receive if it sold the securities. For certain short term transferable debt securities, the yield to a shareholder may differ somewhat from that which could be obtained from a similar fund which marks its portfolio securities to market each day;

(e) The liquidating value of futures, forward or options contracts not traded on regulated markets, or stock exchanges shall mean their net liquidating value determined, pursuant to the policies established prudently and in good faith by the Board, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on regulated markets or stock exchanges shall be based upon the last available settlement prices of these contracts on regulated markets or stock exchanges on which the particular futures, forward or options contracts are traded; provided that if a futures, forward or option contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board may deem fair and reasonable;

(f) Units or shares of open-ended undertakings for collective investment ("UCIs") will be valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued at their last available stock market value;

(g) Interest rate swaps will be valued at their market value established by reference to the applicable interest rates curve. Index and financial instruments related swaps will be valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument relating swap agreement shall be based upon the market value of such swap transaction established in good faith. Total return swaps will be valued on a consistent basis;

(h) All other securities and assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Committee.

Section 7 – Investment Manager Structure

7.1 The Committee with Board approval has appointed the following Investment Managers and assigned them the investment mandates shown below:

Investment Manager/ Fund name	Asset class	Benchmark Index
Univest III - Global Equity Fund	Global Equity – 50% Active and 50% Index-tracking (50% Univest Sustainable World Equity Sub-fund and 50% Univest Global Sustainable Edge Equity Sub-fund.)	Customised benchmark (iSTOXX Univest World Index)
Univest III - Emerging Markets	Emerging Markets Equity - Active	MSCI Emerging Markets Index
Univest FCP - Global Developed Sovereign Bonds Sub-Fund	Global Developed Sovereign Bonds - Active	50% nominal BofAML Custom Index + 50% Euro Inflation-Linked BofAML Index. Return, Hedged to EUR
Univest FCP - Global Sustainable Credit Bonds Sub-Fund	Global Corporate Bonds - Active	ICE BofAML Q772 Custom Index Return, Hedged to EUR.

Univest IV – Diversified Income Fund	Asset backed and mortgage backed securities. Commercial real estate loans, leveraged loans and private debts.	Euribor 6m plus 150bps
Univest III – Emerging Market Debt Sub fund	Emerging Market Debt	Customised benchmark (50% JPM EMBI Global Diversified index, 50% JPM GBI - EM Global Diversified index). 50% currency hedged to Euro
Northern Trust - The Euro Fund	Cash	7 Day Libid

7.2 The compartment's assets will be invested via Unilever's pooling vehicles – Univest FCP, Univest III and Univest IV. The mandates have the following characteristics and performance objectives:

Univest III - Global Equity Sub-Fund

- The sub-fund is designed so it is allocated to 5 styles (Value, Momentum, Quality, Small and Defensive)
- Customised global equity benchmark: customised benchmark, with the allocation invested split between two underlying fonds commun de placement, sub funds: 50% Univest Sustainable World Equity Sub-fund and 50% Univest Global Sustainable Edge Equity Sub-fund.
- Globally diversified regional allocation broadly following the benchmark allocations
- Lower risk profile than the benchmark as a consequence of the allocation to defensive equities.
- The performance target for the fund is to exceed the benchmark. net of fees over rolling three-year periods.

Univest III - Emerging Markets Sub-Fund

- The Emerging Markets fund has a multi-manager structure.
- The performance target for the fund is to exceed the benchmark by 1.5% p.a. net of fees over rolling three-year periods.
- The maximum expected tracking error for the fund is 6.0% p.a. over rolling three-year periods.

Univest FCP - Global Developed Sovereign Bonds Sub-Fund

- Has a multi-manager structure

- The Sub-Fund objective seeks to achieve a balanced exposure to nominal and inflation linked bonds in developed markets, with the aim to generate an investment grade nominal and real government bond return.
- Strategies employed include the active management of interest rates, yield curve, country allocation, sector, security selection, inflation bonds and currency management.
- The performance target for the fund is to exceed the benchmark net of fees over rolling three-year periods.
- The tracking error of the fund is expected to be less than 1.5% per annum.

Univest FCP - Global Sustainable Credit Bonds Sub-Fund

- Has a multi-manager structure.
- Strategies employed include the active management of interest rates, yield curve, country allocation, sector, security selection and currency management.
- The performance target for the fund is to exceed the benchmark by 0.4% p.a. net of fees over rolling three-year periods.
- The tracking error of the fund is expected to be less than 2% per annum.

Univest IV – Diversified Income Fund

- Diversified Income Fund has a multi-manager structure.
- Investment objective is to seek to provide a stable absolute net return to investors with low volatility and low correlation to more traditional markets.
- The performance target for the fund is to meet benchmark return p.a. net of fees.
- Strategies include investing in asset backed and mortgage-backed securities; commercial real estate loans, leveraged loans and private debts.

Univest III – Emerging Market Debt Sub-Fund

- The Emerging Market Debt fund has a multi-manager structure.
- The performance target for the fund is to exceed the benchmark p.a. net of fees over rolling three-year periods.
- The maximum expected tracking error to be less than 2.5% p.a. over rolling three-year periods but may be in some circumstances higher. In practice, it is reasonable for the Sub-Fund to underperform the benchmark by more the tracking error in one year out of every six.

Northern Trust The Euro Fund

- Northern Trust Global Fund PLC investment objectives is to seek maximum current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing in high quality fixed income or adjustable rate securities denominated in the base currency of the fund. The base currency is Euro.

7.3 Reasons for Termination of the Investment Managers

The Committee shall from time-to-time determine whether any or all of the Investment Managers should be replaced. Although not limited to the reasons set out below, the Committee may replace a Investment Manager with Board approval due to:

- change in business management/augmentation;
- breach of contract: whereby the breach is of such severity that the scheme does not retain confidence in the Investment Manager;
- loss of key staff: key staff largely responsible for the Investment Manager's high rating leave the firm;
- change of process: may show an internal lack of confidence in the Investment Manager's own process; and
- investment performance is lower than expected.

Section 8 – Monitoring & Reporting

8.1 The Board has, under its overall responsibility delegated to a Committee who are responsible for the ongoing monitoring of all arrangements in relation to the scheme. The Board and the Committee will carry out this function in compliance with local regulation and legislation as well as the Unilever Corporate Investment Policy.

8.2 The Committee, with the assistance of relevant advisors, will ensure that reviews are carried out as follows:

- Investment Managers – as part of the Plan's Investment Managers there will be formal reporting requirements to facilitate the continuous monitoring of the Investment Managers. On a formal basis, the Board and Committee will formally review the Plan's Investment Managers at least every three years. This review will focus on the conditions and terms of the Investment Managers' agreements, and achievement or otherwise of the investment objective; and
- Custodian – On a formal basis, the Committee will review the Custodian at least every three years. Performance will be evaluated against stated objectives and formal Service Level Agreement.

8.3 Univest Company will regularly draw up an analysis of the returns of the investments:

- On a quarterly basis, a performance overview is made and the relative return of each asset class and the total Plan return compared to the respective benchmark are displayed over different periods. These periods are: the last 3 months, year to date, 1 year, 3 years, 5 years and since inception (if longer than 5 years).
- On a quarterly basis, volatility of portfolio and risk and performance measures
- On a quarterly basis, a market commentary is provided and specific commentary on the performance of the Investment Managers and the evolution of the assets.
- On a yearly basis a summary of the main investment transactions
- Univest Company is responsible for the ESG oversight and monitoring of the investment managers and will report to the Board on how their sustainable investment policy is implemented.

Upon request, additional information is collected and/or analysis is made for the Committee and/or Board of Directors.

Section 9 – Custody Arrangements

9.1. Custody

9.1.1 The Committee with Board approval have employed Northern Trust Global Services SE to fulfil the role of Custodian. Northern Trust Global Services SE will be responsible for carrying out those relevant functions listed in Section 2.

9.1.2 The details of this arrangement between the Plan and Northern Trust Global Services SE acting in its capacity as Custodian are set out in the Custody Agreement dated 7th August 2023 and the Service Level Agreement.

Section 10 – ESG

10.1 ESG considerations are taken into account in the selection, retention and realisation of investments to the extent that they are relevant in assessing the future prospects of specific investments. The Committee and Board 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. The UPP's ESG statement is included in Annex 1.

10.2 Corporate governance activities have been delegated to the Plan'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 Committee and Board may consider appointing a specialist ESG engagement organisation depending on the underlying funds/investment managers it appoints in the future, The Committee and Board may, from time to time, ask the Plan's investment managers or (specialist ESG engagement organisation if appointed) to explain their corporate governance policy and practices, and review voting activities.

Section 11 – Sustainability related disclosures

11.1 Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "SFDR"), the Plan is required to disclose the manner in which Sustainability Risks (as defined below) are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks on the returns of the Plan.

Sustainability Risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the Plan.

Such risk is principally linked to climate-related events resulting from climate change (also known as Physical Risks) or to the society's response to climate change (also known as Transition Risks), which may result in unanticipated losses that could affect the Plan investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into Sustainability Risks.

The Plan does not actively promote ESG characteristics/sustainability factors and does not maximize portfolio alignment with sustainability factors, however it remains exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a sustainability risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

The Plan has a diversified portfolio. Therefore, the Plan will be exposed to a broad range of Sustainability risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Plan considering its diversification.

The Committee does not consider the adverse impacts of its investment decisions on sustainability factors as there insufficient data available of satisfactory quality to allow the Committee to adequately assess the potential adverse impact of its investment decision on sustainability factors.

11.2 Notwithstanding the above, the investments underlying the Plan do not take into account the EU criteria for environmentally sustainable economic activities which are determined by the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, as amended from time to time.

Section 12 – Risk Management

12.1. The Committee and Board of Directors have identified a number of risks in relation to the investments.

- Poor investment returns
- Poor choice of manager
- Inappropriate strategic asset allocation
- Inappropriate level of risk in the investment strategy
- Interest rate and inflation risk
- Lack of diversification in the investment strategy
- Liquidity profile is not appropriate for the current or longer-term strategy
- Stock market Volatility or market crash due to significant financial event e.g., country leaving the Eurozone/EU, pandemic, war, disaster
- ESG Risks : Failure to capture major ESG risks (like climate risk)
- Currency Risk & Inappropriate currency hedging arrangements.

Annex 2 provides a summary of the risks and how they are managed. This summary should be read in conjunction with the risk policy and the risk register. The Daily Management team and the risk manager will, based on the monitoring by Univest Company, follow up the risks and report annually to the Committee and the Board of Directors.

Section 13 - Statement Review

The Committee as delegated by the Board shall review the Statement every three years unless certain events or developments make an earlier review necessary, taking into account whether any developments such as the following have occurred:

- governance changes;
- changing investment beliefs;
- new investment products;
- changes to legislation;
- any practical issues that arise from the application of the Statement; and
- changes to resources used to implement strategy.

This Statement shall be revised without delay after any significant change in the investment policy. This Statement shall also be sent to the members and beneficiaries at their request, and to their representatives where applicable.

Any changes to the Statement need to be approved by the Board and ratified by the General Assembly.

Approved and Adopted by
The Board of the Unilever Pension Plan on 21 September 2023 and ratified at the General Meeting of 28 September 2023

Annex 1 – The UPP's ESG statement

THE UNILEVER PENSION PLAN (UPP)
ESG Statement

We, the Directors of the Unilever Pension Plan, believe that investing responsibly, looking at both explicit financial factors and environmental, social and governance (ESG) factors, allows us to better assess the value and performance of an investment over the medium to long-term. Responsible investing is about generating a long-term risk adjusted return aligned with the Fund's objectives, whilst at the same time promoting a stable, well-functioning and well governed social, environmental and economic system on which long-term sustainable returns are dependent. The Directors are signatories to the United Nations Principles for Responsible Investment (UNPRI) through the Unilever Pension Funds umbrella agreement.

It is our view that ESG factors can offer portfolio managers added insight into the quality of a company's management, culture, risk profile and other characteristics, which in turn allows them to find companies who;

- Are leaders in their industries
- Are better managed and are more forward-thinking
- Are better at anticipating and mitigating risk
- Meet positive standards of corporate responsibility
- Are focused on the long term

This statement is owned by the UPP Board. Day to day management and oversight of the implementation is delegated to the Univest Company and overseen by the UPP Board.

Implementation of Guidelines: DB Compartments

Investment strategy and decisions

We allocate the Fund's assets in a manner that is aligned with the long-term interests of our beneficiaries considering future financial returns and the resilience of those returns. Amongst other things, the investment service providers are requested to take account of ESG risks in our risk management policies and, where appropriate, identify ESG opportunities when making investment decisions.
Where appropriate our investment service providers integrate ESG factors into investment decision-making across asset classes. Some asset classes, allow for more thorough integration than others.

Investment manager selection and monitoring

On our behalf, the Univest Company incorporate ESG factors into the process for selecting and monitoring investment managers. They seek to promote the inclusion of ESG factors into the investment decision-making of external asset managers and therefore include sustainability factors in contracts, where appropriate. Within our manager selection process, for monitoring purposes, where appropriate the Univest Company, on our behalf, uses third party research which allows them to engage with external managers on ESG integration as well as make informed decisions. On public equity portfolios they work with a third party ESG research provider who applies a screen to external asset managers' investment portfolios to assess the extent to which those portfolios have more or less favourable ESG characteristics than the benchmark. This analysis allows us to gain insight into the sustainability of the underlying investments. They use this analysis as a basis for dialogue with the asset managers.

Active Ownership

Often in collaboration with like-minded investors, Univest on occasion may use our position to seek positive changes in corporate behaviour with respect to ESG issues, voting on and engaging with companies as well as participating in public policy matters. These active ownership efforts, sometimes called stewardship, we believe can promote a stable, well-functioning and well governed social, environmental and economic system. In helping us to fulfil our duties as an active owner, the Univest Company will sometimes work with a third party. Through that third party, we seek to ensure that when appropriate our holdings are voted on consistently, across our portfolios and that engagement activities are executed by professionals with experience in this area. On our behalf, the third party can also work to help establish and maintain effective regulatory regimes in the various markets in which we invest to encourage governance structures that facilitate accountability of companies to their owners, give companies the certainty they need to plan for the future and to level the playing field to ensure companies are not disadvantaged for prioritising long-term profitability.

This document is not a static document and will be updated from time to time.

Implementation of Guidelines: DC Compartment

The assets are invested in pooled funds, but the Directors do require all underlying equity managers to have an ESG policy in place and to be signatories to the UN PRI as a minimum, for their fund to be made available to members. ESG factors are an important consideration within the manager selection process, and so the Directors do ask the investment managers to take all matters into account in the selection, retention, and realisation of investments to the extent that they are materially relevant in assessing the future prospects of specific investments, including ESG considerations.

The underlying investment managers have full discretion in evaluating Sustainability factors, including climate change considerations. The selected Fixed income managers must also take ESG risk factors into account when appropriate. Voting and engagement activities are carried out by the investment managers, who have full discretion. The Directors invest in a Sustainable Multi factor Equity fund with one of the underlying managers. Due to the importance of ESG, it was decided that this fund should be included within the default investment option, it now provides all the DC Compartment's Global Developed Equity holdings.

Annex 2 – Risk Management of Investments

Below is a summary of the Investment Risks and how they are managed:

Investment Risk	Risk management comment
Poor investment returns	All assets are externally managed by specialist investment managers. Investment performance updates are provided to the Committee for each meeting. Investment Managers regularly reviewed by Univest. The Committee keeps the investment strategy under review and also take appropriate advice on investment strategy/asset classes.
Poor choice of manager	
Inappropriate strategic asset allocation	
Inappropriate level of risk in the investment strategy	
Interest Rate and Inflation Risk	Eurozone inflation expectations and interest rates form part of the bases used to calculate liability values. Movements in these market rates can serve to materially increase or decrease the values placed on the liabilities. The Committee and Univest Company keep the investment strategy under review and if appropriate for the profile of the liabilities.
Lack of diversification in the investment strategy.	Univest review each asset category on a periodic basis. Investments monitored and reported on a quarterly basis. Asset allocation reviewed every 3-5 years.
Liquidity profile is not appropriate for the current or longer-term strategy	The liquidity of the fund is monitored on a quarterly basis. The portfolio is considered to be 100 % liquid.
Stock market Volatility or market crash due to significant financial event e.g., country leaving the Eurozone/EU, pandemic, war, disaster	The risk of stock market volatility or market crash cannot be eliminated. As long term investors the risk in the long term should be remote, however it is partially controlled by investing in diversified assets.
ESG Risks : Failure to capture major ESG risks (like climate risk)	Investments with poor Governance or lack of a feasible strategy to cope with Social or Environmental risks could be negatively impacted
Currency Risk & Inappropriate currency hedging arrangements.	Currency risk arises in the portfolios which comprise the growth portfolio of the Scheme. Non Euro exposure can be positive as well as negative and consequently due to cost and diversification reasons the Associates based on strategic advice view some non Euro-currency exposure as positive. The credit portfolios and Emerging Markets Debt (Partially hedged) are € hedged share classes. It is not cost efficient to hedge every currency exposure of the growth portfolio as the scale of some exposures will be too small.