



From the Trustees of the Unilever UK Pension Fund

### Statement for members from the Trustee board of the Unilever UK Pension Fund

The Trustee board of the Unilever UK Pension Fund (UUKPF) has agreed to the implementation of changes to the UUKPF proposed by Unilever. While we do not welcome the Company's decision to cease Final salary accrual, we have concluded that we should not oppose it.

In arriving at our decision, we have been required to give careful consideration to all the matters we consider relevant and have taken extensive independent professional advice – actuarial, legal and financial. We are also required to act independently and have done so throughout our deliberations.

Unilever announced significant improvements to its original proposals following the closing of its consultation with employee representatives. A number of these addressed points the Trustee board had raised during consultation. Since then, we have made additional representations to the Company, as a result of which it has made five further refinements to those announced in October. These changes are of some additional benefit to members and are designed in part to remove inconsistencies in the operation of the proposals which we had identified. They are set out in the appendix below.

We are aware that many employees oppose some or all of the proposed changes, and during our deliberations we considered presentations from both employee representatives and the Company. Among the relevant matters we have considered in making our decision have been the interests of all members (pensioner and deferred members of the Fund as well as active members), and the legitimate objective of Unilever to determine what it considers to be an appropriate and sustainable reward policy in a competitive market.

We recognise that Unilever could effect changes to active member benefits in alternative ways which would not require Trustee consent. However at no point in the process has the Company communicated such intent to the Trustee board. We have also been mindful that the Company has, from the outset, proposed retaining a "defined benefit" element as the core of the UUKPF's pension provision, in the form of the Career average section. We have concluded that following the proposed changes Unilever will be

providing pension benefits which compare favourably with those available to employees of many other companies that have moved wholly to defined contribution provision.

We will now be working with Unilever to complete legal formalities and to agree the required changes to the UUKPF rules with effect from 1 July 2012. We will also be working together to help ensure information is made available to our members, to help them understand the potential impact of the changes and the options available to them. This will include at least the following: in March a decision pack including information on the changes and information to help members navigate through the choices available to them; a modelling tool so that members can understand the potential impact of the changes; and in March/April, a series of roadshows at each Company location .

If you would like further information, a Q&A from the Trustee board is attached and will be posted on the Scheme website ([www.uukpf.co.uk](http://www.uukpf.co.uk)) .

Liz Airey  
Chairman, on behalf of Unilever UK Pension Fund Trustees Limited

#### **Appendix**

Additional improvements requested by the Trustee board and agreed by Unilever:

1. The Company will introduce a discretion to grant revaluation of deferred Career average pensions for certain involuntary leavers on the same basis as for active members. The Company intends to maintain a practice of granting the discretionary enhancement for at least three years following the changes;
2. Flexibility in relation to the 2% AVC matching option being offered by the Company, such that members will have a rolling three year carry forward period for any unused matching contribution ;
3. A mechanism to protect the value given to members through commutation of pension for a lump sum, taking account of the operation of the Life Expectancy adjustment Factor (LEaF);
4. Provision of return of contributions on death in deferment for a Career average member;
5. Increasing the forty year pensionable service restriction to forty five years.

This is a brief summary, and further information will be provided to you in due course. The modifications are subject to the adoption of changes to the rules of the UUKPF, and these rules, as so changed, will govern the terms of your benefits. This document confers no right to benefits.