

Short Annual Report

2022: a year of extremes

Sky-high inflation, a rapidly rising interest rate and equity markets deep in the red: 2022 was a year of extremes for pension funds.

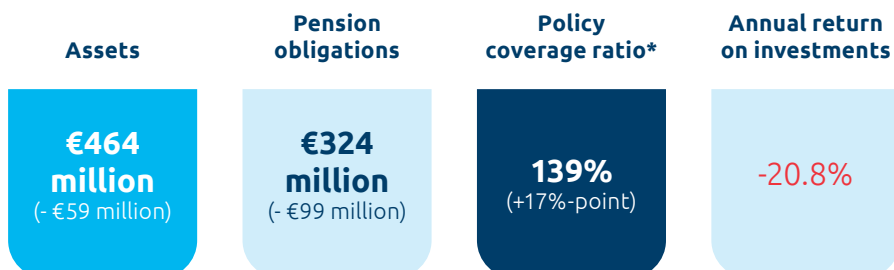
With a loss on investments exceeding 20%, Forward's assets decreased by almost €60 million last year. Its obligations fell too – despite 12 months of new pension accrual – by around €100 million. The latter is attributable to the substantial interest rate rise: with a higher interest rate we need less money to pay out all future pensions.

Since its obligations fell more drastically than its assets, Forward's financial situation improved significantly by 17%-point. And the good news is that so far this rising line has continued in 2023.

Jeannelle Kooman
Director of Pensions



Our situation at the end of 2022



forward

Kring van Unilever APF

* Coverage ratio = assets divided by pension obligations.

Policy coverage ratio = average coverage ratio of the last 12 months; this is decisive for important decisions (on pension increases for example).

Missed pension increases not yet disappeared

Forward aims to increase all accrued pensions annually on 1 January. For Unilever employees ('active members') the target is an increase equal to the CLA salary rise. For former employees and pensioners ('inactive members') we aim for the percentage by which prices have risen.

In the first five years of Forward's existence from 2015 the targets were met. After that, Forward's financial situation was no longer adequate for so-called full 'indexations'. That's why only partial increases have been granted since 2021 – see the tables on the right.

The missed percentages totalling 2.24% for active members and 5.64% for inactive members have not yet disappeared though. If Forward can make full increases again, the arrears can actually be made up (wholly or partially). Full indexation currently requires a minimum policy coverage ratio* of 144%.

Partial increases at Forward

Active members		
Year	Increase	Target
2023	3.50%	4.54%
2022	1.28%	2.00%
2021	2.75%	3.27%

Inactive members		
Year	Increase	Target
2023	13.04%	16.93%
2022	2.10%	3.28%
2021	0.16%	1.12%

Your pension is about to change

It's official: trade unions, employers, politicians and experts have spent more than 15 years working together on it and now the Netherlands is about to get a new pension system. As a result, the way in which you accrue pension is going to change. But that's not all: the Forward pension you have accrued so far and even the pensions that are already being paid out are very probably also going to switch over to a new scheme. We call this 'converting' ('invaren' in Dutch). The new scheme at Forward must start by no later than 1 January 2028.

Since last year Unilever and the trade unions have been in talks about what the new scheme should look like and about the conversion process. As soon as they reach an agreement, it will be up to us as a pension fund to consider whether the new scheme is both feasible and balanced for all groups of members. Forward's Accountability Board will issue advice on this. If the conclusion is positive, we will submit the plan to regulator DNB (Dutch Central Bank) for approval. We will then implement the new scheme in our administration systems and communication.

It will take a few years before all this is completed. During the process we will of course keep you up to date with the main developments.

What's going to change and what's going to stay the same?

In our current scheme you accrue a certain amount of pension each year on the basis of your salary. In the new system the contribution to be paid (by the employer and the employee) will be fixed, but the pension outcome will not.


In the new system you will get a personal pension pot into which this contribution is paid. The level of your pension will then largely depend on investment results. Since pension funds will no longer need to hold large reserves, pensions will be increased faster in economically good times, but also reduced sooner in economically bad times. Poor investment results may then be "smoothed out" over a number of years. This will prevent pensioners and those close to retirement facing big cuts.

Important benefits such as risks being shared between members and the benefits of investing collectively will continue.

Our investments increasingly sustainable!

We believe that investing sustainably contributes to a better world and in the long run leads to better financial results. Our own research shows the majority of our members share this conviction. That's why we again took tangible steps in this area in 2022.

- ✓ As a participant in the Dutch Climate Agreement, we are collaborating on the energy transition. This means for example that since 2022 we have published online how much CO₂ our investments in shares and corporate bonds generate. And our action plan shows how we are cutting CO₂ emissions now and in the future.
- ✓ As an active shareholder we call companies in which we invest – through the external company Hermes EOS, which unites investors worldwide – to account if they act contrary to our sustainability goals. In 2022 this had a positive outcome in 482 out of 867 cases.
- ✓ Currently, around 2% of Forward's assets are in companies that want to bring about positive change in the world in a targeted way, in the healthcare field for example. Our aim is to expand this to 3% of assets in the coming years.

 You will find all the details of the last year in our 2022 annual report:
[Unileverpensionfonds.nl/Forward](https://www.unileverpensionfonds.nl/Forward) > Documents > Publications

Pension & Risk Survey

Investment results play a greater part in the new system. For this reason, in 2022 we asked all of the more than 5,400 Forward members how much investment risk they consider acceptable in relation to their pension. Altogether approx. 800 (active, former and pensionable) members completed the survey.

We are using the results in determining a risk attitude for each age category. You will find the results of the survey on our [website](#):

Search term: Risk Survey 

If you would like to learn more about how and why we invest, please read our series of articles on 'Investing for a good pension'.

You will find the series on our [website](#):

Search term: Series 



Stichting Algemeen Pensioenfonds Unilever Nederland, Forward Circle

Postbus 2071, 3000 CB Rotterdam
PensioenInfolijn: +31(0)10 439 44 73
pensioen.infolijn@unilever.com
[unileverpensionfonds.nl](https://www.unileverpensionfonds.nl)

