

Short Annual Report

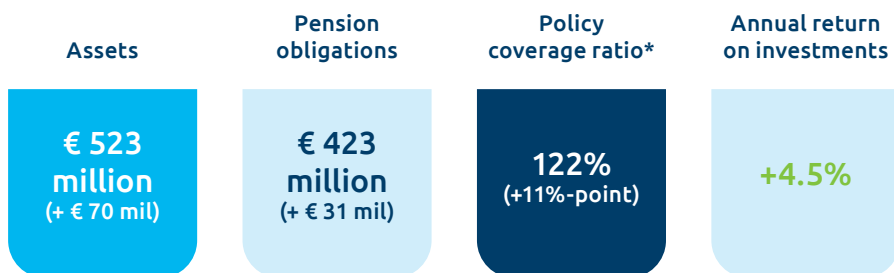
2021 was reasonable investment year, but pensions not fully increased.

A 4.5% return on investment boosted Forward's assets to over half a billion euros in 2021. New pension accruals also increased the obligations, but at a slower pace. The result was a significant improvement in the financial situation. Nevertheless, only a partial pension increase was possible on 1 January 2022: Unilever employees received an increase of 1.28% and pensioners and former employees 2.10%. A full increase in the future is also uncertain. The main reason is the lower contribution that Unilever has been paying since 2021 in accordance with collective labour agreements (CLA). The employer currently pays 34% of the salary (minus a threshold related to the AOW, the Dutch State Pension). Employees themselves pay only 3%.

Willy Westerborg, Finance and Risk Director



Our situation at the end of 2021



forward

Kring van Unilever APF

* Coverage Ratio = assets divided by pension obligations.

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

Interest rate rise stimulates financial recovery

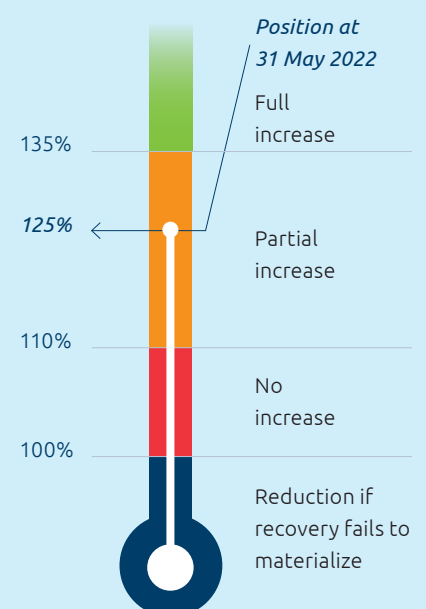
After years of decline, the interest rate rose again in 2021. This has improved Forward's so-called 'coverage ratio' (see above right).

The favourable effect of the interest rate increase can be seen on the obligations side: with high interest rates, we need less money in cash to pay out all pensions, now and in the future. This works just like a regular savings account: if the interest rate is 5%, you need to deposit much less now to reach your savings target in the future than if the interest rate is 0.1%.

Prospect of full pension increase not increased

The interest rate with which we have to calculate the obligations rose from 0.4% at the beginning of 2021 to 1.6% at the end of May 2022. Such a relatively large increase causes the obligations to fall significantly. Our policy coverage ratio - which determines the annual pension increase (indexation) - is therefore slowly rising. At the end of last year it stood at 122% and at the end of May - despite lagging investment returns - it had risen to 125%. In addition, the limit above which Forward may grant full indexation has also risen sharply (to 135%), so the chances of this happening have not increased after all.

What increase at which policy coverage ratio?



Your pension will be changing

The Netherlands is getting a new pension system: a radical change involving over €1,700 billion! The rules that the government is setting for this are currently with the House of Representatives for approval.

Unilever and the trade unions are already in talks with each other about agreements for a new Forward scheme that fits within the new system. They can also request the Unilever Pension Fund to transfer the pensions that have already been accrued with Forward to the new scheme. It is then up to the board of the pension fund to assess that request in terms of feasibility and balance.

More risks for members

In the new system, pension is built up in a different way than currently happens at Forward. At present there is a promise of a certain level of pension, but in the future the outcome will no longer be certain. In the new system, pensions will align more in line with the economy. This means that your pension could rise more quickly in the future, but also could come down quicker. Important benefits such as collective investment and the ability to share risks between members will remain.

Once Unilever and the trade unions have reached an agreement, we as a pension fund will need approximately one and a half years to work out the agreements and to obtain approval from the regulator DNB (central bank of the Netherlands).



Don't miss out on our eService!

In the context of the new system, we recently surveyed how much investment risk Forward members prefer. We will announce the results via our eService.

Registering for the eService?

Pass on your email address via Mijnpensioen.unileverpensioenfonds.nl!

Good to know about sustainable investing!

We believe that financial objectives go well with striving for sustainability. We are convinced that sustainable investing can even contribute to higher returns in the long run. And that it significantly reduces risks.

- ✓ An important step towards more sustainable investments is the decision to transfer our share portfolio almost entirely to the **Univest Sustainable World Fund**. This investment fund was established for Unilever in 2021. Not only does it have lower costs, but it is also even more in line with our sustainability goals.
- ✓ The Unilever Pension Fund, together with over 50 other financial institutions, has joined the **Dutch Climate Agreement** of 2019 and is so contributing to the energy transition. In concrete terms, this means that in 2022 we will make clear how we will reduce the CO2 emissions of our investments. We also disclose how much CO2 our investments in shares and corporate bonds generate. These figures for 2021 were recently published on our website.
- ✓ As a shareholder, we take an active stance. For example, through the external company Hermes EOS, which unites investors worldwide, we conduct **intensive consultations on sustainability** with companies in which we invest. In 2021, this had a positive result in 497 out of 996 cases.

You will find more information via Unileverpensioenfonds.nl/Forward > **Beleggen** > **Duurzaam beleggen** (only in Dutch).

VO Elections: candidates wanted!

In October there will be elections again for the Accountability Board (VO in Dutch) of Forward. The four-year term of the current VO will then expire. At Forward, employees and the employer Unilever are represented in the VO.

Employees can now put themselves forward as a candidate. This can be done in two ways: you can be nominated by a trade union. Or you can register as a candidate yourself; this requires the signatures of ten colleagues.

More information on how to register as a candidate can be found on our website.

**Stichting Algemeen Pensioenfonds
Unilever Nederland,
Forward circle**

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