

SUMMARY OF THE FORWARD IMPLEMENTATION PLAN

The Unilever Pension Fund is working on an important change: the transition of Forward to the new pension system. We have drawn up an implementation plan that provides insight into the choices, risks and measures taken to achieve a controlled and balanced transition as of 1 January 2027. This document is a short summary of the [implementation plan](#).

Context and objective

The Unilever Pension Fund is a so-called general pension fund (APF) with two circles: Forward and Progress. The pension fund is a foundation with an independent Board of Trustees, partly composed of (ex-)Unilever employees.

For Progress, the current pension framework will continue to apply and essentially nothing will change. Progress was already closed to new accrual in 2015 and therefore does not need a transition to the new system.

For Forward, Unilever and the trade unions (together the social partners) have agreed on a new pension scheme: a solidarity defined contribution scheme (SPR). The social partners have also requested that all accrued pension rights and entitlements in Forward be transferred to this new scheme (conversion). Through this transition, the current collective pension assets will be converted into individual pension assets.

The transition must be in line with the Future Pensions Act (Wtp) and is scheduled for 1 January 2027.

Project organization

The transition of Forward to the Wtp is a large-scale project. A new project organisation has therefore been set up. A project group supports the Board of Trustees, where most decisions are taken. The decision-making process has been carefully documented and reviewed by external parties.

The implementation dossier has been submitted to the Dutch Central Bank (DNB) for assessment and approval. Experience from other funds shows that this process is intensive and may take six months to one year.

Risks and risk-mitigating measures

The large and complex transition involves various risks, such as IT delivery, data quality and supplier capacity. These risks are regularly analysed and discussed within the Board of Trustees. This will continue throughout the transition process.

Correct and complete data are crucial, because the collective assets are converted into individual pension assets. The data have been reviewed by an external party and confirmed by DNB to be of sufficient quality. A final check will be performed prior to the transition.

Conversion and balance

The Forward pension scheme will change as of 1 January 2027. The social partners have defined the new SPR pension scheme in the [transition plan](#) and requested the transition of all accrued entitlements. This ensures continuity between accrued and future pension accrual, improves communication and feasibility and allows a (limited) solidarity.

The Board of Trustees decides whether transition can be executed in a balanced way. The key decisions include the method, the spreading period, the solidarity reserve and compensation arrangements.

Method used and spreading period

For the conversion of the current entitlements and accrued rights within Forward into individual pension assets, the so-called 'standard method' under the Wtp has been chosen. This method is the simplest and the most transparent to explain. The alternative method (the more complex VBA method) is not required, as the application of the standard method allows outcomes to remain within predefined bandwidths. It may, however, be necessary in certain cases to reallocate in order to ensure balanced outcomes.

The spreading period determines how the transition capital (after funding the reserves and compensating for abolishing the uniform accrual system, as described below) are allocated. With a spreading period of one year, each participant receives the same percentage of the remaining assets. With a longer spreading period, older participants receive less, as their remaining life expectancy is taken into account. The legal default is a spreading period of 10 years. However, the Board of Trustees has chosen a spreading period of one year for coverage ratios up to 170%, which then gradually increases to 10 years as the coverage ratio rises to 200%.

The deviation from the statutory default is primarily related to the specific composition of Forward's participant population. As Forward only exists for approximately 10 years, the group of pensioners is relatively young. Actuarial calculations have shown that, at coverage ratios below 170%, a one-year spreading period results in the most balanced outcomes in terms of expected pension.

At coverage ratios above 190% or below 120%, new consultations with the social partners are necessary.

Solidarity reserve

Under the Wtp, each participant will have an individual pension asset, in which investment results -both positive and negative- will be reflected. This may result in greater fluctuations in the value of pension assets than is currently the case.

This is taken into account by gradually reducing investment risk as participants approach retirement age. In addition, there is a mandatory solidarity reserve, which is used to mitigate fluctuations in pension benefits.

At the moment of transition, this reserve will be funded immediately with 3% of the fund's total assets. In the event of positive investment returns, the reserve will be increased to a maximum level of 5%. This approach has been chosen to protect the pensions of the pensioners against substantial decreases, while at the same time avoiding the maintenance of unnecessarily high buffers.

Compensation for the change of the current premium system

Under the current system, the pension contributions paid by active participants do not accrue to an individual pension asset but to a collective pool of assets, in which the premium is reallocated from younger to older participants. This mechanism is known as the uniform accrual system ('doorsneesystematiek').

The abolition of the uniform accrual system has a negative impact on the current active participants, in particular between ages 40 and 55. These participants have contributed to the solidarity but will no longer be able to benefit from it in the future.

The Board of Trustees has calculated the impact of this change for the different age cohorts and assessed how this impact can be compensated. It has been decided to allocate 40% of the transition capital (after the funding of reserves) for compensation purposes.

Compensation will apply only to participants who are active on the transition date, as the compensation relates to a loss of future accrual.

At coverage ratios above approximately 160%, full compensation can be provided. Compared with other pension funds, Forward allocates a relatively large share of its assets to compensation. This is also related to the specific composition of Forward's participant population - a limited number of active participants, a relatively large number of deferred members, and comparatively few pensioners - as well as the relatively short history of Forward.

The Board of Trustees considers the decision to dedicate a substantial part of the assets to compensation for active participants to be balanced and well-justified, particularly in view of Forward's high coverage ratio and the choice for a one-year spreading period, which is positive for pensioners (see above).

Bandwidths and balancing assessment

An important requirement of the Wtp is that no group should experience disproportionate disadvantage of the transition. The selected standard method, spreading period, solidarity reserve, and compensation arrangement have been carefully calculated. These calculations were subsequently challenged by analysing alternative approaches and scenarios, including various financial and economic conditions.

Prior to the transition, the Board of Trustees established an equity framework, comprising four qualitative guiding principles that provide direction for the transition process. This framework, together with the applicable bandwidths and the objectives set by the social partners, was continuously tested against the outcomes of the calculations.

Ultimately, the Board of Trustees has concluded that the chosen approach to the transition is balanced, transparent, and operationally feasible. All participant groups benefit sufficiently from Forward's strong financial position, and there is no evidence of disproportionate disadvantages for any specific group of participants.

Next steps

As previously noted, the transition file was submitted to DNB in 2025, shortly before the Christmas period. As there are pension funds that are transitioning earlier and/or submitted their files sooner, we expect that substantive review will start in Q2 2026.

Experience at other pension funds shows that DNB pays particular attention to deviations from legal defaults, such as a spreading period shorter than the default of 10 years.

In the meantime, the pension fund is working on the preparations for the transition such as getting the IT systems ready, adapting operational processes, setting up the asset-management framework and implementing the new pension scheme. We will also continue monitoring external developments that may affect the coverage ratio and the objectives under the new pension system. All of this requires significant capacity from the pension fund, however, we expect that regular service delivery will not be affected.

Clear and effective communication is essential to maintaining confidence in pensions, both during the transition and thereafter. For this reason, a communication plan has been developed alongside the implementation plan. This plan is currently under review by the other supervisory authority, the Netherlands Authority for the Financial Markets (AFM). We will communicate frequently about the upcoming changes, and in the second half of this year participants will also receive more personalised information and insight into their individual pension assets.