

ANNUAL REPORT 2013 OF 'PENSIONSKASSE UNILEVER SCHWEIZ'

Overview of the 2013 financial year

Developments in 2013 and outlook for 2014

Balance sheet and profit & loss account

Insured population

Organisation of the 'Pensionskasse'

Thayngen, July 2014



Review 2013

The Board of Trustees met twice during the year under review. In addition to the standard main agenda items such as the approval of the annual accounts for 2012, the review of the return on the investments and adapting minor modifications to the plan regulations, the Board dealt mainly with the two important topics of longevity and historically low interest rates. The resulting impact on the technical interest rate and the conversion rate are currently the major challenges for Swiss pension funds.

Because of these developments, a working group was set up at the meeting of 30 May 2013 consisting of two employee- and two employer-representatives of the Board of Trustees. Together with Aon Hewitt, Zurich, the group was mandated to submit future-oriented proposals regarding the technical interest rate and conversion rate to the Board of Trustees at the November meeting.

At the meeting of 15 November 2013, the Board of Trustees decided to make the necessary adjustments in two steps. As first step, it was decided to reduce the technical interest rate applied on pensions liabilities from the present 3.5% to 2.25 % as per 31.12.2013. The decision with respect to an adjustment of the conversion rate will be taken in 2014, with the aim of implementing it as per 01 January 2015.

Since mid-2013, investments of our assets have been looked after by Univest Company Ltd., London. It is a Unilever Group company, which acts as an adviser for the global investment activities of the Unilever pension funds. In this context, at the end of 2013, an update of the asset and liability study that was produced in 2011 was carried out together with the investment committee and Towers Watson, Zurich. This was effected in view of a possible adjustment of the investment strategy in 2014

Investments

The first positive gains in the equity markets from January to mid-May were lost again by the end of June. However, the onset of a recovery in the summer months led in part to unprecedented highs by the end of 2013. In contrast, the emerging market regions closed negatively this year.

Yields on government bonds partly fell to new lows until mid-May. Then the returns of all bond segments rose in part sharply in June starting on a very low level. Consequently, notable losses were to be deplored. The prices for US government bonds, as well as the considered safe Euro zone countries did not recover before the end of the year and 2013 ended with negative performance. On the other hand, we saw positive performance last year by many corporate bonds in developed countries.

With a performance of 11.4%, not only the benchmark of 9.0% was beaten by 2.4% but we can also look back on two very good investment years in a row. However, it must be noted that overall in the two years,

the yield was mainly achieved through the more volatile asset classes of Swiss equities, global equities and hedge funds, while the Swiss and world bonds achieved negative returns due to low interest rates.

Pension capital and technical provisions

The total pension liabilities increased by 55.2 million in 2013, of which CHF 4.8 million was taken by by active employees, and that of pensioners increased by CHF 60.0 million. The technical provisions were reduced by CHF 68.4 million. Due to the reduction of the technical interest rate from 3.5% to new 2.25% as per 31.12.2013 corresponding technical provisions were liquidated. The funds so freed up were used to increase the pension liabilities for the pensioners up to the new, higher necessary level.

Thus, the total liabilities of the pension fund in the financial year decreased by CHF 13.2 million in total. A typical development in a membership base comprising 64% retirees and 36% active employees.

Value fluctuation reserve and coverage

The income statement in 2013 records a net income before changes to the value fluctuation reserve of CHF 60.1 million. Thus, the value fluctuation reserve existing at the end of 2012 could be increased again. As was the case last year, the extremely positive development of the capital invested was mainly responsible for this positive result. The adjustments to the technical provisions produced an additional CHF 13.1 million.

The funding ratio according to Article 44 BVV 2 (Swiss Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans) gives a picture of the financial situation of the pension fund. This ratio is an important indicator for assessing the risk capacity of the investment policy. Thanks to the again solid performance in 2013, our funding ratio increased by 8.9% from 104.4% to 113.3% for the year under review. With this result, we are 1.8% below the target value fluctuation reserve, which amounted to 15.1% at the end of 2013. All the necessary provisions have been provided in full.

Outlook 2014

The investments showed a positive picture by mid-year with around 4.6% performance. As in previous years, this is mainly due to the investment in equities.

On the occasion of the Board of Trustees meeting of 17 January 2014, the Board of Trustees decided to reduce the conversion rate at age 65 from 6.4% to 5.35% as per 1 January 2015. This major step will be supported by accompanying measures. The Board of Trustees is convinced that the pension fund is safely and soundly positioned for the years to come.

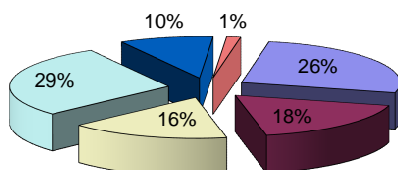
Due to the positive developments on the capital markets, the Board of Trustees has decided to retroactively raise the interest rate for 2013 by 0.75% from 1.50% to 2.25%. The credit entry was made in June 2014.

Balance sheet as at **31.12.13** **31.12.12**
(in million CHF)

Cash	8.0	9.5
Current account UL companies	0.0	11.9
Accounts receivable and deferrals	3.2	2.3
Investments	804.5	745.4
Total assets	815.7	769.1
Accounts payable and accruals	28.7	29.1
Employer contribution reserve	10.2	10.2
Actuarial reserves and technical provisions	685.8	698.9
Fluctuation reserve	91.0	30.9
Endowment capital/funding gap	0.0	0.0
Total liabilities	815.7	769.1

Investment of assets as at 31.12.2013
(in million CHF)

	Strategy	effective	Amount
Bonds Switzerland	30%	26%	214.5
Bonds world	20%	18%	145.2
Equity Switzerland	15%	16%	132.4
Equity world	25%	29%	234.6
Hedge funds	10%	10%	77.5
Cash	0%	1%	11.5
Total assets			815.7



■ Bonds Switzerland	■ Bonds world
■ Equity Switzerland	■ Equity world
■ Hedge funds	■ Cash

Performance by investment categories
as at 31.12.2013 (in %)

	Performance	Benchmark
Bonds Switzerland	(1.7)	(2.0)
Bonds world	(0.1)	0.7
Equity Switzerland	25.1	24.6
Equity world	29.3	23.7
Hedge fund	7.9	6.4
Total	11.4	9.0

Profit & loss account **2013** **2012**
(in million CHF)

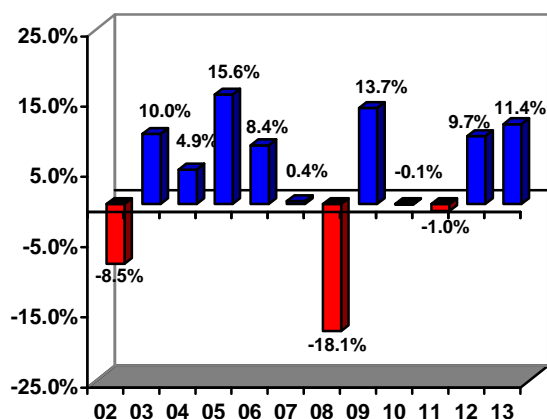
Contributions/individual deposits*	17.5	31.0
Transfers upon entries	2.0	3.0
Statutory benefits	(40.7)	(40.9)
Supplementary benefits	(4.6)	(4.9)
Transfers upon exits	(11.6)	(8.2)
Changes in actuarial reserves, technical provisions and employer contributions reserve	13.2	9.4
Insurance expenses	(0.1)	(0.1)
Result of insurance activities	(24.3)	(10.7)
Result of investments	83.6	66.8
Other results	1.1	1.1
Administration and marketing costs	(0.3)	(0.5)
Change to the fluctuation reserve	(60.1)	(30.9)
Annual result	0.0	25.8

*2012 including funding of the plan change from DB to DC

Composition of the 2013 result
(in million CHF)

Result of investments	83.6
Contributions and transfers upon entries	19.5
Benefits, transfers upon exit	(56.9)
Change in technical reserves, security fund	13.1
Other expenses and profit	0.8
Expenditure surplus	60.1
Fluctuation reserve on 1.1.13	30.9
Change to 2013	60.1
Fluctuation reserve on 31.12.13	91.0

Performance of investment of assets
2002 – 2013



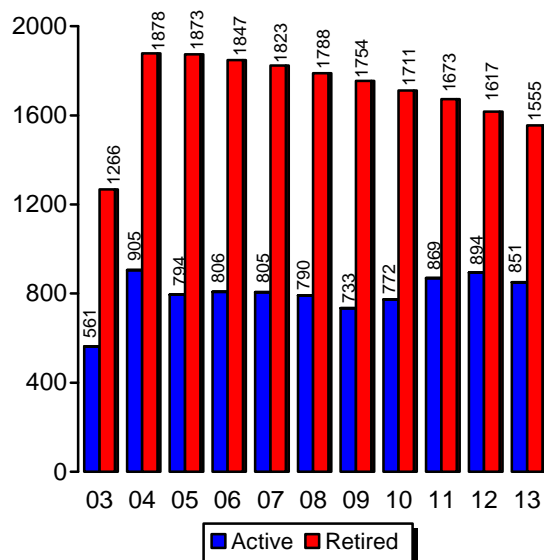
Important key figures as at 31.12.2013

Funding ratio	113.3%
Fluctuation reserve	13.3%
Target fluctuation reserve	15.1%

Pensioners 31.12.13 31.12.12

Elbus / Eswa	41	42
JohnsonDiversey	213	222
Lever Fabergé	168	178
Lipton-Sais, Astra	325	347
Lusso Foods	148	154
Unilever Schweiz Service (inkl. Betty Bossi)	56	59
Unilever Cosmetics	4	4
Unilever Schweiz (Knorr, Hirz, Délifrais, Chirat)	599	610
USCC	1	1
Total	1555	1617

Development of active and retired members 2003 – 2013



Organisation of the pension fund in 2013

Board of trustees

Employer representatives

Monique Bourquin	Unilever Schweiz GmbH, President
André von Steiger	Unilever Schweiz GmbH
Jost Pohlmann	Unilever HUB Schaffhausen*
Silke Reimers	Unilever HUB Schaffhausen*

Employee representatives

Josef Tschigg	Unilever Schweiz GmbH
Andreas Reschek	Unilever Schweiz GmbH
Judith Müller	Unilever HUB Schaffhausen*
Ernst-Rainer Schönert	Unilever HUB Schaffhausen*

Anne Zwysig	Pensioners' representative
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Investment Committee

Monique Bourquin	President
Thomas Müller	Member
Petra Tirmanova	Member
Edouard Stucki	External consultant, Towers Watson

Other governing bodies

Pensions Manager	Thomas Müller
Accredited pension actuary	Martin Siegrist, AON Hewitt Associates SA
External audit	PricewaterhouseCoopers AG
Supervisory body	Zentralschweizer BVG- und Stiftungsaufsicht (ZBSA) Luzern

*HUB Schaffhausen, consisting of:
Unilever Supply Chain Company AG
Unilever ASCC AG
Unilever Business and Marketing Support AG
Unilever Schaffhausen Service AG

Further information can be obtained from the pension fund of Unilever Switzerland.

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