

ANNUAL REPORT 2016 OF 'PENSIONSKASSE UNILEVER SCHWEIZ'

Overview of the 2016 financial year

Developments in 2016 and outlook for 2017

Balance sheet and profit & loss account

Insured population

Organisation of the 'Pensionskasse'

Thayngen, August 2017



Review 2016

Following the somewhat moderate results of 2015, the majority of Swiss pension funds again returned a better performance in terms of their investments in the year under review. Given the continuing tension regarding interest rates, overall lower yields are to be anticipated in the next few years. The challenge for pension funds will remain maintaining benefit levels and how these are to be funded.

Two ordinary meetings of the Board of Trustees of the Pension Fund Unilever Switzerland discussed key agenda items such as approving the year-end financial statements for 2015, the return on assets, interest paid on pension assets and a variety of adjustments to regulations.

The Board of Trustees regularly reviews technical principles and parameters relating to the Pension Fund Unilever Switzerland and adjusts these as necessary. At its 11 November 2016 meeting, the Board of Trustees adopted the following adjustments to take effect from 31 December 2016:

- Converting to the new technical principles BVG 2015 (generation tables)
- Cutting the technical interest rate from 2.25% to 2.00%.

Not unexpectedly, the new technical principles reveal a further increase in life expectancy and a lower disability incidence rate. Together with a new calculation model, this meant that adjustments to pensioners' actuarial capital could not fully be covered by the provisions recognised for this and were charged to the annual accounts for 2016.

In terms of investment, 2016 was characterised as a year of consolidation. It was the first year in which the investment strategy adopted in 2014 was implemented. In addition, in 2016 the Board of Trustees decided to subject investment activities of the Pension Fund Unilever Switzerland to the new Unilever declaration on sustainability. Accordingly, investment decisions are not only to be based on financial factors, but should also take account of aspects of environmental protection, social matters and corporate management.

In the year under review, the numbers of active members fell by a total of 45 employees while the numbers of pension recipients fell by 46. By the end of 2016, the ratio between active employees and pensioners stood at 33%:67%, representing an additional challenge to our pension fund.

With effect from 1 May 2016, Fabian Lang was elected chairman of the Board of Trustees and investment committee.

Investments of assets

Swiss pension funds experienced a difficult start to the 2016 financial year. Losses and meagre yields occupied investors throughout the whole year. It was all the more gratifying to note the success that emerged towards the end of the year, primarily thanks to international shares and real estate.

Following a negative year for investment in 2015, the Pension Fund Unilever Switzerland posted a positive return of 3.4% for the year under review, 0.5% up on the benchmark of 2.9%. As can be seen on the page opposite, performance was particularly strong and above the

benchmark in the investment categories Emerging Market Bonds, Corporate Bonds World and Real Estate

Disclosing the duty to vote 2016 for direct investments in Swiss shares

There is no obligation to vote for the Pension Fund Unilever Switzerland. Investments in Swiss shares are only made through Unilever's own investment fund, AFP, to a passive index fund at Credit Suisse. Shares are not held directly.

Pension capital and technical provisions 2016

In 2016, the pension capital of active members was reduced by CHF 2.0m. This is attributable to the fall in the number of active members. Pensioners' actuarial reserves fell by CHF 4.6m and technical provisions by CHF 7.2m. The decisions mentioned above taken in relation to technical principles and the rate of interest led to a fundamental appreciation of pensioners' actuarial reserves. Consequently, these reserves declined by CHF 18.5 less than the year before. Part of this was compensated by the reversal of technical provisions of CHF 7.2m.

Value fluctuation reserves and funding ratio

As a result of the positive performance, the Income Statement 2016 records net income before changes to the value fluctuation reserve of CHF 2.3m. Accordingly, the value fluctuation reserves rose from CHF 113.4m to CHF 115.7.

The funding ratio recognised pursuant to Article 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2) shows the financial situation of the pension fund. For our investment policy, this is a key indicator in assessing the fund's ability to manage risk. In the light of the positive performance in 2016, the funding ratio rose in the year under review by 0.7%, from 117.4% to 118.1%. We have therefore achieved 85% of the target value fluctuation reserves, which by the end of 2016 amounted to 21.3% of the technically necessary reserves. The target value fluctuation reserve was calculated by Complementa and is down 0.4% compared to 2015. This was also due to amended prospects regarding returns and risk. The necessary reserves have been recognised in full.

Outlook 2017

By mid-2017, investment has revealed an altogether gratifying picture, with performance growing by 4.0%. This has largely been the result of investments in shares and in real estate. Whereas share markets edge towards record highs, financial markets remain characterised by low interest rates.

Given the performance of 2016 and the financial performance in the first few months of 2017, the Board of Trustees has decided to retrospectively increase the interest on pension assets from 1.25% to 2.25%. The increased interest has been credited on 30 June 2017.

The transfer of employees from Schaffhausen to Rotterdam announced in October 2016 will lead to a further decrease in active staff numbers at the Pension Fund Unilever Switzerland.

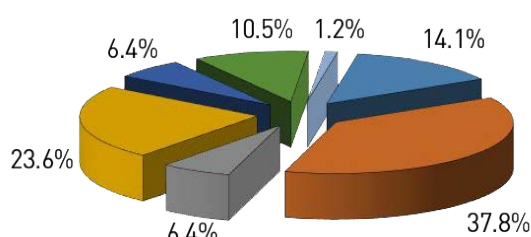
On the political scene, the issue of pensions remains highly topical in the light of the 'Pensions 2020' reform project. On 24 September 2017, the Swiss electorate will vote on whether reforms will be implemented or postponed.

Balance sheet as at 31.12.16 31.12.15
(in CHF million)

Cash	3.5	5.3
Current account UL companies	0.0	1.0
Accounts receivable and deferrals	5.4	5.0
Investments	787.1	792.1
Total assets	796.0	803.4
Accounts payable and accruals	33.5	29.4
Employer contribution reserve	8.5	8.5
Actuarial reserves and technical provisions	638.3	652.1
Fluctuation reserve	115.7	113.4
Endowment capital/free capital	0.0	0.0
Total liabilities	796.0	803.4

Investment of assets as at 31.12.2016
(in CHF million)

	Strategy	effective	Amount
Bonds Switzerland	15.0%	14.1%	112.2
Bonds World	40.0%	37.8%	300.4
Equity Switzerland	7.5%	6.4%	51.2
Equity World	22.5%	23.6%	187.5
Real Estate	5.0%	6.4%	51.3
Hedge funds	10.0%	10.5%	83.9
Cash / Others	0.0%	1.2%	9.5
Total assets			796.0



Performance by investment categories
as at 31.12.2016 (in %, +=positive, ()=negativ)

	Performance	Benchmark
Bonds		
- Switzerland	1.6	1.4
- Global Sovereign	2.2	2.0
- Global Credit	4.7	1.9
- Global High Yield	10.5	10.9
- Global Emerging Markets	5.2	0.0
Equities		
- Switzerland	(1.2)	(1.4)
- Global	7.6	9.4
Real Estate	8.1	0.0
Hedge funds	(5.5)	(4.3)
Total	3.4	2.9

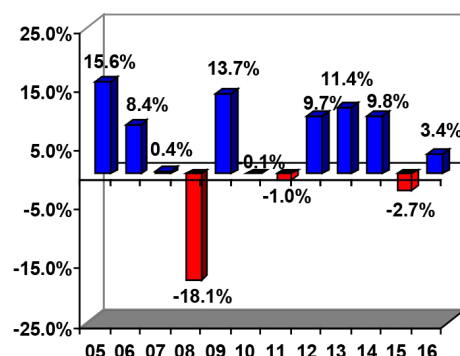
Profit & loss account 2016 2015
(in CHF million, +=income, ()= costs)

Contributions/individual deposits	15.6	16.9
Transfers upon entries	2.6	3.7
Statutory benefits	(36.6)	(37.8)
Supplementary benefits	(3.8)	(4.1)
Transfers upon exits	(16.3)	(14.7)
Changes in actuarial reserves, technical provisions and employer contributions reserve	13.9	21.1
Insurance expenses	(0.1)	(0.1)
Result of insurance activities	(24.7)	(15.0)
Result of investments	26.2	(22.2)
Other results	1.0	1.0
Administration and marketing costs	(0.2)	(0.2)
Change of the fluctuation reserve	(2.3)	36.4
Annual result	0.0	0.0

Composition of the 2016 result
(in CHF million, +=income, ()= costs)

Result of investments	26.2
Contributions and transfers upon entries	18.2
Benefits, transfers upon exit	(56.7)
Change in technical reserves, security fund	13.8
Other expenses and profit	0.8
Result before change fluctuation reserve	2.3
Fluctuation reserve on 1.1.16	113.4
Change 2016	2.3
Fluctuation reserve on 31.12.16	115.7

Performance of investment of assets 2005 – 2016

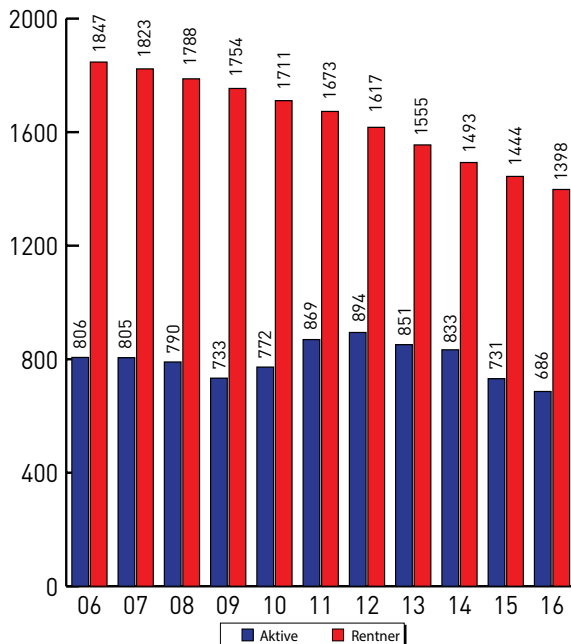


Important key figures as at 31.12.2016

Funding ratio	118.1%
Fluctuation reserve	18.1%
Target fluctuation reserve	21.3%
Achieved target Fluctuation reserve	85.0%

Rentnerbestand	31.12.16	31.12.15
Elbus / Eswa	35	35
JohnsonDiversey	185	193
Lever Fabergé	143	149
Lipton-Sais, Astra	280	293
Lusso Foods	139	144
Unilever Schweiz Service (inkl. Betty Bossil)	45	50
Unilever Cosmetics	4	4
Unilever Schweiz GmbH (Knorr, Hirz, Délifrais, Chirat)	565	574
USCC	2	2
Total	1398	1444

Entwicklung Aktive und Rentner 2006 – 2016



Organisation der Pensionskasse 2016

Stiftungsrat Arbeitgeberstiftungsräte

Monique Bourquin	Unilever Schweiz GmbH, Präsidentin (bis 30.04.2016)
Fabian Lang	Unilever Schweiz GmbH, Präsident
Nadia Meier	Unilever Schweiz GmbH (ab 01.05.2016)
Jost Pohlmann	Unilever HUB Schaffhausen*
Silke Reimers	Unilever HUB Schaffhausen*

Arbeitnehmerstiftungsräte

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

Anne Zwysig Rentnervertreterin

Anlageausschuss

Fabian Lang	Präsident / Arbeitgeberstiftungsrat
Silke Reimers	Arbeitgeberstiftungsrätin
Ernst-Rainer Schönert	Arbeitnehmerstiftungsrat
Thomas Müller	Mitglied
Petra Tirmanova	Mitglied
Michael Hahn	Mitglied

Weitere Organe

Geschäftsführer	Thomas Müller
Experte für berufliche Vorsorge	Martin Siegrist
	AON Hewitt Associates SA
Kontrollstelle	PricewaterhouseCoopers AG
Aufsichtsbehörde	BVG- und Stiftungsaufsicht des Kantons Zürich (BVS) Stampfenbachstrasse 63 8090 Zürich

*HUB Schaffhausen, bestehend aus den Firmen:

Unilever Supply Chain Company AG
Unilever ASCC AG
Unilever Business and Marketing Support AG
Unilever Schaffhausen Service AG

Weitere Informationen sind bei der Pensionskasse
Unilever Schweiz erhältlich.

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