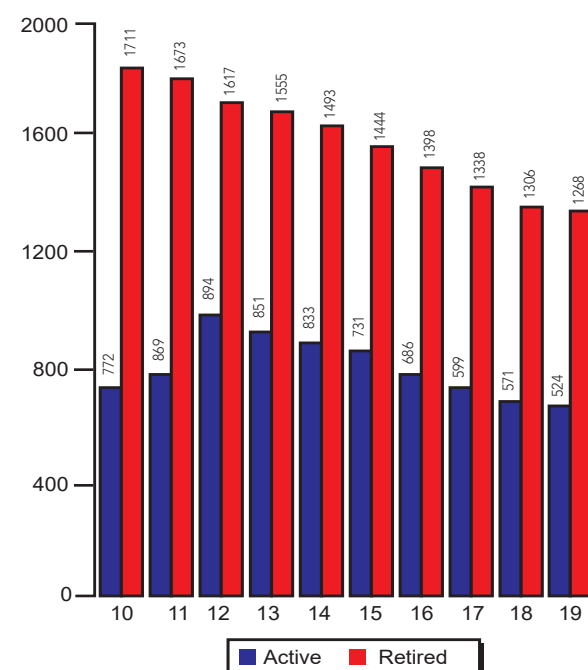


Pensioners	31.12.19	31.12.18
Elbus / Eswa	32	33
JohnsonDiversey	162	167
Lever Fabergé	122	132
Lipton-Sais, Astra	236	244
Lusso Foods	123	125
Unilever Schweiz Service (incl. Betty Bossi)	38	41
Unilever Cosmetics	4	4
Unilever Schweiz GmbH (Knorr, Hirz, Délifrais, Chirat)	548	557
USCC	3	3
<b>Total</b>	<b>1268</b>	<b>1306</b>

#### Development of active and retired members 2010 – 2019



#### Organisation of the pension fund in 2019

##### Board of trustees

##### Employer representatives

Fabian Lang	Unilever Schweiz GmbH, President
Nadia Meier	Unilever Schweiz GmbH
Philip Sasse	Unilever HUB Schaffhausen*
Silke Reimers	Unilever HUB Schaffhausen*

##### Employee representatives

Josef Tschigg	Unilever Schweiz GmbH
Andreas Reschek	Unilever Schweiz GmbH
Ernst-Rainer Schönert	Unilever HUB Schaffhausen*
Petra Tirmanova	Unilever HUB Schaffhausen*

Anne Zwyssig	Pensioners' representative
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##### Investment Committee

Fabian Lang	President/Employer-Trustee
Silke Reimers	Employer-Trustee
Ernst-Rainer Schönert	Employee-Trustee
Petra Tirmanova	Employee-Trustee
Thomas Müller	Member
Piet van de Kamp	Member

##### Other governing bodies

Pensions Manager	Thomas Müller
Accredited pension actuary	Bálint Keserü AON Schweiz AG
External audit	PricewaterhouseCoopers AG
Chief Auditor	Pascal Wintermantel
Supervisory body	BVG- und Stiftungsaufsicht des Kantons Zürich (BVS) Stampfenbachstrasse 63 8090 Zürich

\*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.

# ANNUAL REPORT 2019 OF 'PENSIONSKASSE UNILEVER SCHWEIZ'

## Overview of the 2019 financial year

Developments in 2019 and outlook for 2020

Balance sheet and profit & loss account

Insured population

Organisation of the 'Pensionskasse'

Thayngen, July 2020

Pensionskasse Unilever Schweiz, Bahnhofstrasse 19, 8240 Thayngen

Email [pensionskasse.schweiz@unilever.com](mailto:pensionskasse.schweiz@unilever.com)  
Tel. 052 645 65 97  
Fax 052 645 65 99



## Review 2019

A volatile investment year 2018 with negative performance was followed by an outstanding investment year 2019. In particular, investments in equities showed a very positive trend with double-digit growth rates. The degrees of coverage of the Swiss pension funds encouragingly increased on a broad front as a result of this. At the same time, necessary adaptations were able to be made to the technical principles, value fluctuation reserves were built up and additional interest payments were granted. However, it would be inappropriate to plan the coming years with similarly high expected returns. The pension funds have difficult times ahead of them, which the political efforts for pension reform have also shown. The constant increase in life expectancy and the low-interest rate environment, which has continued for many years, are also worth mentioning.

At two ordinary foundation board meetings of the Unilever Switzerland Pension Fund, the main agenda items, such as the approval of the 2018 annual accounts, the returns on assets, the interest on retirement assets and various regulation adaptations, were discussed.

During the reporting year, the total number of members decreased by 85, of which 47 were active members and 38 were pension recipients. As of the end of 2019, the ratio between active employees and pensioners is 29.2% to 70.8% and has changed slightly to the disadvantage of the active employees in comparison to the previous year.

The foundation board took account of this unchangeable circumstance with an adaptation of the technical principles. As of 31.12.2019, the technical interest rate for the valuation of the pensioner obligations was reduced from 1.25% to 0.75%. A decision on long-term strengthening of the financial stability of the fund.

On the basis of statutory and regulatory provisions, the foundation board decides each year whether and to what extent, if need be, the current pensions need to be adapted. At the November meeting, the foundation board passed a resolution to waive a general adaptation of the current pensions.

On the basis of the very good performance in the reporting year, in February 2020, the foundation board decided on additional interest of 4% retroactively. Therefore, the old-age pension assets of all active members of the pension fund on 31 December 2019 will bear interest for the year 2019 totalling 5%.

In October 2019, Unilever announced that during the course of 2020, the export volume produced at the Thayngen site will be outsourced abroad. The withdrawal of approx. 60 employees as a result of this will also have an impact on active employees/pensioners ratio.

## Investments

The past investment year was particularly influenced by expansive monetary policy and low interest rates. In 2019, the global stock markets showed a clearly positive trend, in spite of the trade dispute between the USA and China. The global bond markets also developed positively in 2019, due to the falling credit spreads and declining interest rates, whereby low interest rates pose a major problem for the pension funds over the long term.

After a negative rate of return of -4.0% in the 2018 investment year, the Unilever Switzerland Pension Fund generated a very positive rate of return of 9.5% in the reporting year and is therefore 0.8 percentage points below the benchmark of 10.3%. All investment categories generated a positive rate of return in 2019. Equities Switzerland and Equities World are particularly worth mentioning, which generated rates of return of over 30% and over 20%, respectively.

## Disclosure of the voiting duty 2019 with direct investments in Swiss equities

No voting duty exists for the Unilever Switzerland Pension Fund. The investments in Swiss equities occur exclusively through Unilever's own AFP investment fund in a passive index fund with Credit Suisse. No equities are held directly.

## Pension capital and technical provisions in 2019

The pension capital of the active members increased by 4.0 million in 2019. On the one hand, the paid-out termination benefits were compensated by current in-crease in savings capital, on the other hand, the mentioned additional interest is as well already included.

The pensioners' actuarial reserve decreased by 3.2 million, the technical provisions increased by 5.8 million. The valuation of the pensioner obligation is based on the current pensioners and current technical principles as of 31 December 2019. As a consequence of the mentioned adaptation of the technical interest rate, the reduction is considerably lower than last year.

Out of the total pension capital exclusive of technical provisions as of 31 December 2019 of 579.5 million, 17.0% are allocated to the active employees and 83.0% to the pensioners.

## Value fluctuation reserves and degree of coverage

The degree of coverage in accordance with Art. 44 BVV 2 [Swiss Ordinance on Occupational Old-Age, Survivors' and Disability Benefit Plans] shows the financial situation of the pension institution. For the investment policy, it is an important indicator for the assessment of the risk capacity.

Due to the positive performance, the 2019 operating statement shows a revenue surplus of 31.5 million prior to changing the value fluctuation reserve. 29.4 million were used for accumulation of the value fluctuation reserve. The remaining 2.1 million are reported as free funds. Correspondingly, the degree of coverage increased from 114.1% to 119.0%.

The target fluctuation reserve is 18.7% of the technically necessary capital, which amounts to 116.6 million as of 31 December 2019. Due to the good result, this is 100% reached at the end of 2019. The target value fluctuation reserve is calculated by the company Complementa and is 0.2% percentage points lower in comparison to 2018. The necessary technical provisions are formed in the full amount.

## Outlook for 2020

While at the beginning of the year attention was on the trade war between China and the USA and Brexit, a short time later, the financial markets collapsed due to the rapid and global spread of the Covid-19 virus. An unprecedented situation, which led to the international value chains being disrupted and borders being closed. Following the all-time low at the end of March 2020, the financial markets started to recover. However, an economic recovery is not foreseeable, as long as no vaccine exists that can be used comprehensively.

At the end of June 2020, the performance of the Unilever Switzerland Pension Fund was at -2.4%.

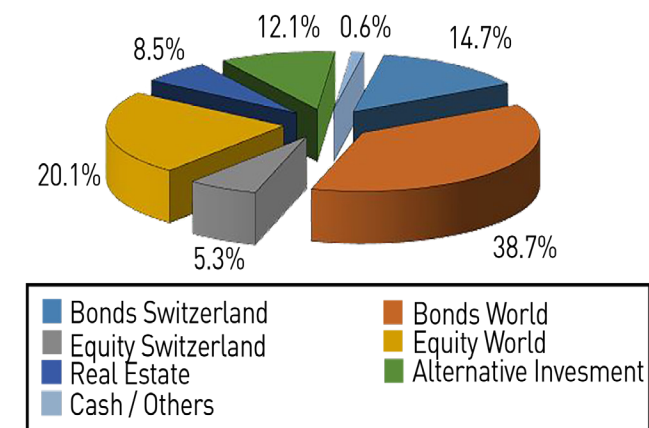
For the year 2020, a provisional interest rate of 1% is being used, which will be reviewed in spring 2021.

## Balance sheet as at 31.12.19 31.12.18 (in CHF million)

Cash	1.5	2.7
Accounts receivable and deferrals	0.1	0.1
Investments	774.6	739.1
<b>Total assets</b>	<b>776.2</b>	<b>741.9</b>
Accounts payable and accruals	25.3	29.3
Employer contribution reserve	8.5	8.5
Actuarial reserves and technical provisions	623.7	616.9
Fluctuation reserve	116.6	87.2
Endowment capital/free capital	2.1	0.0
<b>Total liabilities</b>	<b>776.2</b>	<b>741.9</b>

## Investment of assets as at 31.12.2019 (in CHF million)

	Strategy	effective	Amount
Bonds Switzerland	15.0%	14.7%	113.7
Bonds World	40.0%	38.7%	300.5
Equity Switzerland	5.0%	5.3%	41.3
Equity World	20.0%	20.1%	155.8
Real Estate	7.0%	8.5%	66.1
Alternative Investment	13.0%	12.1%	93.9
Cash / Others	0.0%	0.6%	4.9
<b>Total assets</b>			<b>776.2</b>



## Annual Performance 2019 by investment categories (in %, + = positive, () = negativ)

	Performance	Benchmark
<b>Bonds</b>		
- Switzerland	3.4	3.1
- Global Sovereign	3.2	3.1
- Global Credit	10.0	8.7
- Global High Yield	11.1	10.7
- Global Emerging Markets	10.4	9.9
<b>Equities</b>		
- Switzerland	30.2	30.6
- Global	23.8	24.4
<b>Real Estate</b>	<b>7.1</b>	<b>7.1</b>
<b>Alternative Investments</b>	<b>1.5</b>	<b>1.0</b>
<b>Total</b>	<b>9.5</b>	<b>10.3</b>

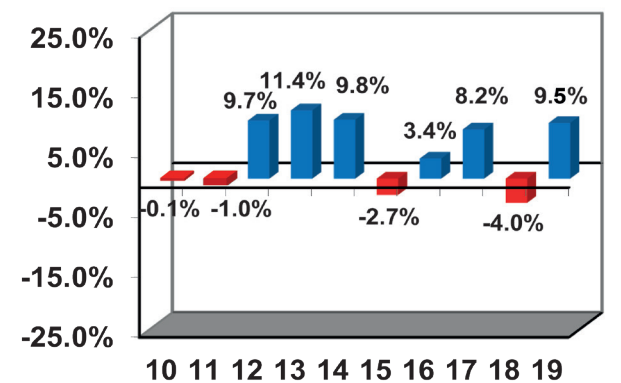
## Profit & loss account 2019 2018 (in CHF million, + = income, () = costs)

Contributions/individual deposits	12.6	15.4
Transfers upon entries	1.8	3.5
Statutory benefits	(34.4)	(35.6)
Supplementary benefits	(2.9)	(3.1)
Transfers upon exits	(8.1)	(15.9)
Changes in actuarial reserves, technical provisions and employer contributions reserve	(6.7)	26.5
Insurance expenses	(0.1)	(0.1)
<b>Result of insurance activities</b>	<b>(37.8)</b>	<b>(9.3)</b>
Result of investments	69.2	(30.5)
Other profit	0.3	0.6
Administration costs	(0.2)	(0.2)
Change of the fluctuation reserve	(29.4)	39.4
<b>Annual result</b>	<b>2.1</b>	<b>0.0</b>

## Composition of the 2019 result (in CHF million, + = income, () = costs)

Result of investments	69.2
Contributions and transfers upon entries	14.4
Benefits, transfers upon exit	(45.5)
Change in technical reserves, security fund	(6.7)
Other expenses and profit	0.1
<b>Result before change fluctuation reserve</b>	<b>31.5</b>
Fluctuation reserve on 1.1.19	87.2
Change 2019	29.4
<b>Fluctuation reserve on 31.12.19</b>	<b>116.6</b>

## Performance of investment of assets 2010 – 2019



## Important key figures as at 31.12.2019

Funding ratio	119.0%
Fluctuation reserve	18.7%
Target fluctuation reserve	18.7%
Achieved target Fluctuation reserve	100.0%