



Pensions News 2022

*An update from the Trustees
of the Nestlé UK Pension Fund*

Who looks after your pension?

Updates on the Fund and how it works

From the Pensions Team

Chair's welcome

Welcome to this year's newsletter from the Trustees of the Nestlé UK Pension Fund (the Fund). In it, we'll help you understand how the Fund is run, who looks after it and what's been going on over the past year – especially in the period of market turbulence that followed the then Chancellor's mini-budget in September.

The mini-budget triggered significant volatility in investment markets and a rise in the cost of Government borrowing, which has impacted pension schemes throughout the UK – particularly defined benefit (DB) arrangements like the Fund.

On **page 13**, you'll see that the overall value of our DB section has fallen since last year. However, we'd like to reassure you that the DB section of the Fund remains able to pay members' pensions now. It is also projected to have enough assets to be able to continue to pay all benefits in the future.

You may also have seen a decrease in your defined contribution (DC) account value recently. We understand that this may be unsettling but please remember that, while we expect a certain amount of volatility in the short term, it's the longer term that usually matters more where pensions are concerned. The key is to remain calm and not to make any hasty investment decisions.

You can find an article on the Nestlé Pensions website that provides more detail about what happened and how it has affected pension schemes at [nestlepensions.co.uk/mini-budget-update](https://www.nestlepensions.co.uk/mini-budget-update) – we encourage you to read this, especially if you are approaching retirement.

This year, new regulation has meant that we are now required to report on how the Fund is managing climate-related risks and opportunities. A great deal of work has gone into outlining our approach and making sure that we can report on this accurately.

You can find out more on **page 10**.

We are also currently working on the next valuation. Once it's finished, it will tell us about the Fund's financial health as at 31 December 2021. We hope to write to you with the results in the first half of next year.



As we move into 2023, one of our Member-Nominated Trustees (MNTs), David Baxter, will end his current term of office. This means we'll have a vacancy for an MNT during the year. Read more about how and when you can apply on **page 5**.

As always, we hope you enjoy reading your newsletter and would love to hear your feedback. To tell us what you think, please go to bit.ly/nestle-active-survey

It only takes two minutes and helps us make sure we're giving you the information you want.

Steve Delo
(Chair of the NUKPF Trustee Board)

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Looking for more information about the Fund?

You can find a range of useful documents on our website at nestlepensions.co.uk/documents/about-your-benefits

If you want to read more about how the Fund is run, you'll find information, alongside the following documents, at nestlepensions.co.uk/how-the-fund-is-run

- **Statement of Investment Principles (SIP)**

The SIP sets out the main principles that the Trustees use when making investment decisions for the Fund.

- **Implementation Statement**

As part of the Fund's reports and accounts, the Trustees need to show how the investment policies set out in the SIP have been implemented in an 'Implementation Statement'.

- **DC Chair's Statement**

The DC Chair's Statement tells you how the DC Start and DC Core sections of the Fund are managed, as well as the costs and charges that apply to your investments.

- **The Taskforce for Climate-related Financial Disclosures (TCFD) Report**

This report sets out our approach to assessing and managing the risks and opportunities related to climate change. Find out more on [page 10](#).

You can also ask for copies of the following documents from Nestlé Pensions using the contact details on the [back page](#):

- **Schedule of Contributions**

The Schedule of Contributions shows the contributions that employers and members need to pay to fund the promised DB benefits in the Fund.

- **Statement of Funding Principles**

The Statement of Funding Principles sets out our policies on how we fund the Fund so that we can pay all the benefits promised to our members.

- **The Trust Deed and Rules**

The legal document that sets out the rules of the Fund.

- **Annual Report and Accounts**

If you'd like to find out what data the Fund holds about you and how we process it, you can read the Fund's UK personal data privacy statement at nestlepensions.co.uk/privacy-policy

Looking after your pension

The Fund is managed by a Trustee Company (Nestlé UK Pension Trust Ltd) which has an overall duty to run it in line with its Trust Deed and Rules as well as current pensions law. This Trustee Company acts through us, its Board of Directors (generally called the 'Trustees').

Our Trustee Board is made up of four Trustees appointed by Nestlé and four selected from member nominations. The Board is also supported by the wider Nestlé Pensions Team and a range of professional advisers.

What do we do?

As Trustees, we're responsible for overseeing the running of the Fund and safeguarding it on behalf of you, its members. With the help of advisers, and the Nestlé Pensions Team, we make sure that all of your contributions are invested appropriately and as securely as possible, and that member benefits are paid correctly and on time.

What's the difference between Member-Nominated Trustees and Nestlé-Appointed Trustees?

Member-Nominated Trustees are appointed from the Fund's members for a position on the Trustee Board. They have to be either working for Nestlé and building up pension in the Fund, or receiving a pension from the Fund.

Once they've been nominated, they go through a selection process to make sure that they are suitable to become a Trustee. The last selection process we ran was very competitive.

Nestlé-Appointed Trustees are either:

- Professional Trustees who are recruited to bring an extra level of expertise, or
- Members of the Fund – they might still be working for Nestlé and building up pension in the Fund, or they might be pensioner members of the Fund.

Nestlé-Appointed Trustees are asked to be a Trustee by the Company because they bring a specific skill, type of thinking or expertise with them.

Read more about your Trustees at [nestlepensions.co.uk/your-trustees](https://www.nestlepensions.co.uk/your-trustees)

Want to help run the Fund?

Read more about opportunities coming up next year on [page 5](#).

Your current Trustees are:



(Left to right) Marcus Barry, David Baxter, Belinda Eddington, Richard Rowden, Malcolm Burridge, Irene Donaldson, John Chilman, Steve Delo.

Member-Nominated Trustees

Marcus Barry (pensioner member)

David Baxter (pensioner member)

Belinda Eddington (active member*)

Richard Rowden (active member*)

Nestlé-Appointed Trustees

Malcolm Burridge (active member*)

Irene Donaldson (active member*)

John Chilman (independent Trustee)

Steve Delo (representing PAN Trustees – Independent Trustee and Chair of the Trustee Board)

* An active member of the Fund is someone currently building up pension in it.

“As Trustees, we're responsible for overseeing the running of the Fund and safeguarding it on behalf of you, its members.”

Looking after your pension (continued)

Want to make a difference? Apply to become a Member-Nominated Trustee.

Early next year, we'll be looking for a talented member of the Fund to become a Member-Nominated Trustee (MNT) from April 2023. If you're up to the challenge, you'll be able to apply to join the Trustees on the Board and help oversee the day-to-day running of the Fund alongside your current Nestlé role.

This is an excellent opportunity to develop new skills and develop professionally. You'll also play an important part in helping to look after the interests of thousands of Fund members.

We'll send you more information about how you can apply in early 2023.

What do our current Trustees have to say about the role?

Irene Donaldson (Company-appointed Trustee) and Steve Delo (Independent Trustee and Chair) explain why being a Trustee is a great thing to do:

"It's a great role you'll definitely gain a lot from."



Irene Donaldson
Nestlé-Appointed Trustee

"Being a Trustee brings with it a lot of responsibilities, but that makes it very rewarding.

"I've got the chance to give a little back to the people in this business."



Steve Delo
Representing PAN Trustees –
Independent Trustee and
Chair of the Trustee Board

"I think it's a great role, and something you'll definitely gain a lot from.

"If you can make the personal commitment, and feel like you can give something back to make this pension fund as good as it can be, this is a great opportunity for you."



How your pension works

On the next few pages, we take a look at how your pension works. We start with a reminder about how it builds up, then go on to look at any changes on the horizon that might affect you.

We hope that the more you know about your pension and the options you have available, the more in control you'll feel about your financial future.



In the defined benefit (DB) sections of the Fund, you build up pension based on your pensionable earnings up to a certain level called the pensionable earnings cap. Once you've gone over it, you'll build up savings in a DC Core account for the rest of that scheme year.

When you retire, we work out your pension based on an average of your pensionable earnings over time, and the length of time you have been a DB member of the Fund. To receive this benefit, you pay a set percentage of your pensionable earnings into the Fund.



In the defined contribution (DC) sections of the Fund, you and Nestlé pay a percentage of your pensionable earnings into your account, which is invested to help it grow. You can choose how you access the money in your account when you retire.

Read more about how your pension works at nestlepensions.co.uk/pension-overview





How your pension works – the 2021 Fund valuation

We're currently working on the valuation that will give us a picture of the Fund's financial health as at 31 December 2021. This is the date the actuaries took the figures they'll base the valuation on. We hope to be able to share the results with you in the first half of 2023.

Sharing the cost

To share some of the risk involved with providing a DB pension, there is a contribution-sharing arrangement in place. This means that employee members of the Fund and Nestlé share responsibility for making contributions.

Under this arrangement, any changes to future contributions identified as part of the valuation process (up or down) would automatically lead to a change in employee and employer contributions.

The results of the 2021 valuation show that there will be no increase to contributions following the valuation. We will send you the full valuation results in early 2023.

What is a valuation?

A valuation is a financial 'health check' of the DB sections of the Fund. It compares the total value of the Fund's assets (the money the Fund has available now) with its liabilities (the estimated amount of money it will need both now and in the future to pay the benefits members have already earned).



How your pension works – pensions and investment

In last year's Pensions News, we looked at the different types of funds you can invest your DC savings in, and how your attitude to risk is important when you're making these decisions. If you missed it, or would like a refresher, you can find last year's edition at nestlepensions.co.uk/documents/newsletters

The Fund's new DC investment adviser

Last year, we carried out a review of our DC investment adviser (it's good practice to do this every three years or so) and, following a rigorous selection process, have appointed **Aon** as our new adviser. Aon is a large global consultancy and has a dedicated DC adviser practice, with significant experience and expertise. They advise many hundreds of UK clients on DC matters.

What do our investment advisers do?

Our investment advisers are investment experts, who help us to decide, among many other things:

- which investment options are best suited to you, our members, and
- how we can provide you all with good value for money.

They also support us by monitoring the performance of our investments so we can see if they are performing in line with our expectations and make any changes if necessary.

New timeframe for the DC investment review

Last year we let you know that we'd carried out a review of our DC investment options and were looking to make some changes in 2022. We're keen for Aon, our new investment adviser, to look at any further developments in the investment world, as well as bringing their own expertise to the review. Once they've made their recommendations, we'll write to you to let you know what this means for you.



How your pension works – pensions and investment (continued)

We're introducing a Shariah fund

Over the last year or so we've received queries from several of you about setting up a Shariah fund.

We recognise that many of you would value the opportunity to align your investment choices with your beliefs. With this in mind, we'll be introducing a Shariah fund focused on investing in equities in the first few months of 2023.

What is a Shariah fund?

Shariah funds invest members' money in line with Islamic Shariah principles. So they wouldn't invest in companies with links to alcohol, pornography, or products that use pork, for example. The Islamic faith also believes that you shouldn't make money from lending money to others (interest). The Shariah fund will therefore not hold investments in companies with unacceptable levels of debt or 'impure' interest income.

You don't have to be a Muslim to invest in Shariah funds. We'll let you know when the Shariah fund is available.

Changes to the Equities fund

In December, one of the funds that makes up the Equities fund (known as an 'underlying fund') is closing, so we need to replace it.

The Equities fund:

- is available as a self-select option,
- makes up 70% of the 'growth phase' in the Lifetime Pathway,
- makes up part of the 'consolidation phase' of the Lifetime Pathway, and
- makes up around 15% of the Blended Assets fund.

The Defined Contribution Committee – a sub-committee of the Trustee Board that focuses on the defined contribution arrangements – carried out a review of the funds that are available and took advice from our new investment advisers, Aon.

Based on this work, we've decided to replace the underlying fund that is closing with two new ones.

As the new funds will continue to invest in equities, we expect them to have broadly the same level of investment risk as the old fund, with the same expected level of investment returns. As with all equity funds, we expect them to still be volatile (to go sharply up and down in value) in the short term.

We chose the new funds because:

- we believe that climate change presents a risk to investment outcomes – these funds should reduce this risk because of how they invest, and
- they will cost you slightly less in fees.

You will be able to read more about both of the new underlying funds on the Equities fund factsheet once it's available at nestlepensions.co.uk/factsheets

DC Chair's Statement 2021

Each year, Trustees of DC pension schemes must, by law, produce a statement setting out how the scheme has met certain standards. This is known as the DC Chair's Statement.

We publish the DC Chair's Statement in July each year, so you can now find the Statement for the year ending 31 December 2021 online.

One of the things it includes is a section on the assessment of the value our DC arrangements offer members of the Fund. This year, the Trustees concluded that our DC arrangements continue to offer good value to members, scoring 4 on a scale of 1 (poor) to 5 (excellent).

Read the DC Chair's Statement at nestlepensions.co.uk/how-the-fund-is-run



How your pension works – pensions and investment (continued)

As a scheme, we are committed to being responsible investors. We believe that considering Environmental, Social and Governance (ESG) factors, including climate change, can affect how well the Fund's investments perform. We think that including these factors in our decision making can lead to more rigorous investment analysis and better investment decisions.

This year is the first time we've had to report on 'Climate-related financial disclosures', or the effect that climate change might have on the value and performance of the things that your pension is invested in. We did this in a Taskforce for Climate-related Financial Disclosures (TCFD) report. Two of the main things we report on are the greenhouse gas emissions and the carbon footprint of the assets we invest in.

The TCFD report also looks at how we can focus on and monitor our greenhouse gas emissions and carbon footprint through our governance, investment strategy, and risk management. It also explores how we can engage the organisations who manage our investments on your behalf so that they are aligned with our responsible investment principles.

As this is the first year that many pension schemes are reporting, there are several gaps in the data because our investment managers are also just beginning to report this information. But we believe that this report will become more meaningful over time as data availability improves and allows us to report on how our greenhouse gas and carbon emissions have changed – and, we hope, reduced – over time.

You can read the full TCFD report at nestlepensions.co.uk/how-the-fund-is-run

Find out more about our responsible investment policies on page 11 of our Statement of Investment Principles (SIP) for the DB sections and page 13 of our Statement of Investment Principles (SIP) for the DC sections – both of which are also available at nestlepensions.co.uk/how-the-fund-is-run

“The TCFD report also looks at how we can focus on and monitor our greenhouse gas emissions and carbon footprint through our governance, investment strategy, and risk management.”



Pension news

KEEP YOUR PENSION SAFE

To make sure you're keeping your retirement savings safe, it's important to keep an eye out for scams and make sure you know the warning signs.

Top tips for avoiding scams:

- 1 Reject unexpected offers
- 2 Check who you're dealing with
- 3 Don't be rushed into making a decision
- 4 Get impartial information or advice

You can read more about pension scams and how to protect yourself against them on our dedicated scams information page at nestlepensions.co.uk/pension-scams

Nestlé Pensions has signed up to The Pensions Regulator's Scam Pledge

This means that the Pensions Team is putting even more measures in place to help protect our members from scammers.



The minimum retirement age is changing

From April 2028, the normal minimum retirement age (the minimum age that you can access your retirement savings from) is changing from 55 to 57. You normally won't be able to access your retirement savings before then unless your contract of employment says otherwise.

If you are planning to retire after April 2028, you'll need to be 57 or over to be able to access your pension savings. This may mean that you will have to work for longer than you had originally planned. If you're not sure if this affects you, please get in touch with Nestlé Pensions using the contact details on the **back page**.

Thinking about accessing any DC pension savings? Book your Pension Wise guidance appointment first

Pension Wise (now run by MoneyHelper) offers free, impartial advice to help people aged 50 or over to understand how they can access their DC pension savings. From 1 June 2022, if you apply to access or transfer your pension savings 'flexibly' you'll need to seek guidance from Pension Wise first.

There are some exceptions, but usually if you plan to take your DC pension savings as cash or to transfer them into a drawdown arrangement, it means you will be accessing your benefits 'flexibly'. Until you've taken the guidance, or told us that you want to opt out of taking it, we can't help you to access or transfer your pension savings.

So, if you're planning on accessing your pension savings soon, book your guidance appointment as soon as you can by going to moneyhelper.org.uk/en/contact-us/pensions-guidance

More help from MoneyHelper

MoneyHelper also offers free guidance on other money-related topics – from benefits, family and care, to financial and mental wellbeing.

You can also talk to an adviser on the phone, fill in an online form, or use a live web chat or WhatsApp. So if you need guidance about anything money-related, visit moneyhelper.org.uk to find out more.

From the Pensions Team

Have you tried your free financial wellbeing programme yet?

As a Nestlé employee, you have access to a free financial wellbeing programme provided by **nudge**.

nudge is an independent web-based platform that helps you manage your finances and plan for the future.

It combines financial education with personalised and timely nudges to help you on your journey to financial wellbeing. You can find lots of information about pensions, investments and saving for the future there, as well as budgeting.

Go to **nestlefinancialwellbeing.co.uk** and register or login with your Nestlé email address.

If you are already a savvy saver and taking full advantage of the saving tips **nudge** provides, you might want to consider making additional voluntary contributions (AVCs) – find out more in the next article to your right.

Share your thoughts with us

The Pensions Team is always looking to hear from you and we'd love to know what you think of the information we send you. To share your thoughts, take two minutes to complete our short online questionnaire at bit.ly/nestle-active-survey



Scan me

Top up your pension savings by making AVCs

There are a few reasons why you might want to top up your pension savings by making AVCs. Maybe you:

- started saving a little later in your career,
- had some time off to start a family,
- worked reduced hours while raising a family, or
- are close to retirement and would like to save as much as you can while you are still working.

Whatever the reason, if you can afford to save a little more, AVCs are a great way to top up your pension (while making savings on tax and national insurance at the same time).

You can start making AVCs at any time – though it may take us some time to process your change once you've submitted your form.

You can either make the change online, by logging into your online account at **nestlepensions.co.uk/login** or you can download and print the Additional Voluntary Contributions (AVCs) Form (DB Core and DB Core Plus) which you can find at **nestlepensions.co.uk/downloads/forms/db_avcs_form.pdf**



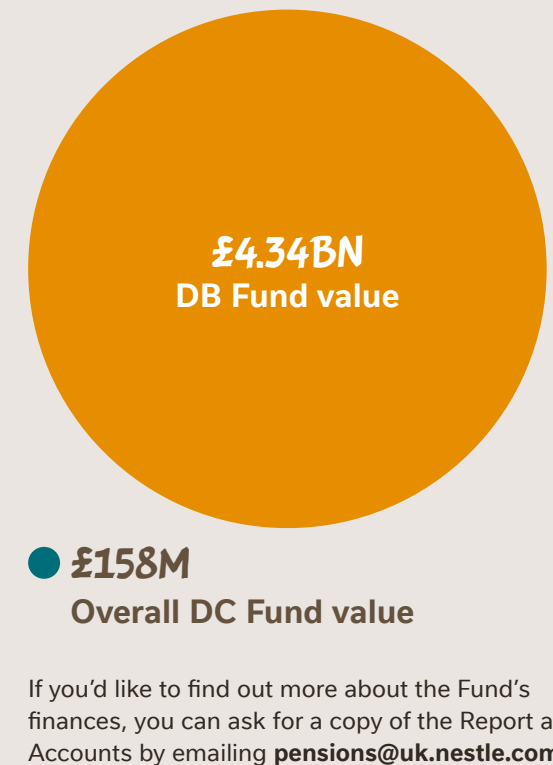
About your Fund

Here's a breakdown of who else is in the Fund. You can also see the latest DB and DC Fund values.

Who's in the Fund?



What's in the Fund?



Note: All figures are as at 30 September 2022. They do not include AVC investments held on behalf of members.

Other useful contacts

MoneyHelper

MoneyHelper offers free and impartial guidance on pensions, as well as other money-related issues. Visit moneyhelper.org.uk or call **0800 011 3797**

The Pensions Regulator

The Pensions Regulator regulates how pension arrangements like the Fund are run and can step in if trustees, employers or professional advisers have failed in their duties. Visit thepensionsregulator.gov.uk for help and information

ScamSmart

FCA's ScamSmart website provides lots of useful information about how to spot a scam, how to check that what you are being offered is legitimate, and what to do if you think you've been the victim of a scam. Visit fca.org.uk/scamsmart

Unbiased

If you're thinking about making a decision about your pension, it's always a good idea to take professional advice first. You can find an independent financial adviser in your area at unbiased.co.uk



For further information about the Nestlé UK Pension Fund you can:



Write to us at:
Nestlé Pensions
1 City Place
Gatwick
RH6 0PA
United Kingdom



Call us on:
020 8667 6363



Email us at:
pensions@uk.nestle.com



Visit the website at:
nestlepensions.co.uk

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