



Pensions News 2023

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

Changes to your Trustee Board

Updates on the Fund and how it works

Updates from the Pensions Team



Chair's welcome

Welcome to Pensions News, 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.

About the Fund

Earlier this year, we wrote to you to let you know the results of the latest actuarial valuation as at 31 December 2021. Valuations take place every three years, but in the years between them, we carry out a funding update to check that the Fund is still 'healthy'.

This year's funding update shows that, as at 31 December 2022, the Fund had a surplus of £30 million, while the previous year's valuation, as at 31 December 2021, showed a surplus of £230 million.

The effect of high interest rates after the September 2022 mini budget led to a drop in the value of the Fund's assets, but it also caused the value of the Fund's liabilities to fall. This means that the Fund is still in surplus and its position has remained relatively stable so far over 2023.

You can read the full summary funding statement at nestlepensions.co.uk/pensioner/documents/member-communications – and we've also included the headline figures as at 31 December 2022 and some commentary on **pages 7 and 8**.

About your Trustee Board

Recent changes in legislation and governance mean that trustees of all pension schemes must now take on more responsibilities. To carry out these additional duties at the level you'd expect from us, we're increasing the number of Trustees from eight to ten by creating one more position each for a Company Appointed Trustee and a Member Nominated Trustee.

As an existing Member Nominated Trustee was also coming to the end of their term, we ran a campaign to fill two Member Nominated Trustee vacancies this summer. We had a fantastic response and we are delighted to announce that we have reappointed David Baxter and welcomed Tom Nixon to the Board on 1 November. You can meet Tom on **page 5**.

Sadly, we had to say goodbye to Company Appointed Trustee Irene Donaldson who retired in August. Irene had been a member of the Board for seven and a half years, was hard working, diligent and always prepared to challenge when needed. She also brought tremendous energy and enthusiasm to Trustee matters, which will be greatly missed. We thank Irene for her considerable contribution to the Board and wish her a long and happy retirement. Irene's departure means the Company must appoint two new Trustees, which they hope to do by the end of 2023.

About your Pensions Team

There have also been personnel changes in the Pensions Team, who look after the day-to-day running of the Fund. After 15 years as Head of Group Pensions UK and Ireland, Andrew White also retired from Nestlé. In his time here, Andrew built a formidable reputation and became widely regarded as one of the leading pensions managers in the UK.

As Andrew begins his well-earned retirement, we're delighted to welcome Michael Clark as the incoming Head of Group Pensions UK and Ireland. Michael brings a broad set of skills and experience to the position and is looking forward to making the experience that members have with their Nestlé pension more engaging. We say hello to Michael and goodbye to Andrew on **page 5**.

As always, we hope you enjoy reading Pensions News.



Steve Delo
Chair of the NUKPF Trustee Board

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Useful Fund documents

You can find a range of useful documents on our website at nestlepensions.co.uk/pensioner/documents/member-communications

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

- **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 9](#).

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/pensioner/privacy-policy

Looking after your pension

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

Our Trustee Board is made up of Trustees appointed by Nestlé and appointed from our members. 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 our advisers, and the Nestlé Pensions Team, we make sure that the Fund's assets are invested appropriately and as securely as possible, and that member benefits are paid correctly and on time.

Changes to your Trustee Board

In the past, our Trustee Board has been made up of four Trustees appointed by Nestlé and four appointed from active and pensioner members of the Fund. We are now increasing this number and we'll soon have a total of ten Trustees on the Board – five appointed by Nestlé and five appointed from members.

With one of our current Member Nominated Trustees' term coming to an end and the aim to have a total of five Member Nominated Trustees on the Board, we've been on the look-out for two more talented members to join the Board as Member-Nominated Trustees.

After running a successful campaign to gain new nominations this summer, we are happy to announce that David Baxter has been reappointed and we've also welcomed new Trustee Tom Nixon to the Board. You can find out about Tom on the **next page** alongside an introduction to our new Head of Group Pensions for the UK and Ireland, Michael Clark.

As Steve mentioned in his introduction on **page 2**, we've had to say goodbye to Company Appointed Trustee Irene Donaldson, who retired in August this year. This means the Company is now due to appoint two new Company Appointed Trustees by the end of 2023. We'll introduce you to them in next year's newsletter.

Your current Trustees are:



Two new Company Appointed Trustees coming soon

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

Member-Nominated Trustees

Marcus Barry
(pensioner member)

David Baxter
(pensioner member – reappointed 1 November)

Belinda Eddington
(active member*)

Tom Nixon
(active member – appointed 1 November)

Richard Rowden
(active member*)

Nestlé-Appointed Trustees

Malcolm Burridge
(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.

Looking after your pension (continued)

With a new face on the Trustee Board and a new Head of Group Pensions helping to look after your pension, let's find out more about Tom and Michael and say goodbye to Andrew.

Introducing Tom Nixon

Your new Member-Nominated Trustee



We're delighted to welcome Tom Nixon as our new Member Nominated Trustee. Tom works in the Nestlé UK and Ireland Content Studio where,

as Photography and Videography Lead, he and his team create content for Nestlé brands to use in communications and campaigns.

Tom applied for the role of Trustee because he's always been interested in personal finance and pensions. He's keen to motivate members – especially our younger ones – to engage with their Nestlé pension, and hopes to use his background in content delivery to help show them the benefits of saving for retirement.

While Tom recognises that being a Trustee is a huge responsibility, he's looking forward to picking up the skills, knowledge and experience he'll need to play his part in running the Fund effectively.

Introducing Michael Clark

Your new Head of Group Pensions UK and Ireland



Michael brings a broad set of skills and experience to the team, having worked as an actuary developing pension products, an investment banker

and then across various roles at Shell for 24 years, the last seven of which he spent as their Head of Pensions.

Michael's focus at Nestlé Pensions is to make sure that the Fund continues to pay its members the right pension at the right time, and that we manage the investments prudently on behalf of members. He'll also be ensuring that the Pensions Team have the right set of skills and tools to carry out the job of running the Fund effectively.

Discussing making the Fund's member experience more engaging, Michael said: "We have the ambition to make our pension offering even more attractive and keep developing opportunities for members to become more involved with their pensions."

Goodbye to Andrew White

Your former Head of Group Pensions UK and Ireland



We'd like to take this opportunity to say thank you to Andrew White, who retired in June after almost 15 years as Head of Group Pensions for the UK and Ireland

and over 40 years in the pensions industry.

During that time, Andrew helped to increase the scope of the services and expertise the team offers, a move that saw the pensions team double in size. It's now viewed as the gold standard for pensions management and administration by the global pensions team at Nestlé HQ.

Andrew has found it intensely rewarding to have worked with great people committed to helping pension fund members grapple with a such a complex, emotional and life changing subject.

Now that he's retired, Andrew is looking forward to spending more time with his family, re-learning various musical instruments, and going back to painting and writing.

A word from Steve Delo, Chair of the Trustee Board

It's always sad to say goodbye to a valued colleague, and Andrew was no different. His patient, professional and detailed approach resulted in the successful completion of countless complex projects and his work ensured excellent outcomes for the Fund. It has been a privilege to work with him.

However, it's also a pleasure to welcome new colleagues and we're delighted that Michael has joined the Pensions Team as its new lead. We know that great member experience is at the heart of his approach and all of us on the Trustee Board are looking forward to building a strong working relationship with him over the years to come.

After a tough selection process, we're very pleased to welcome Tom to the Trustee Board too – we look forward to working alongside him during his term.

How your pension works – the Fund's financial health

On the next few pages, we'll focus on what makes your Nestlé pension tick.

We hope that the more you know about your pension, the more in control you'll feel about your finances.

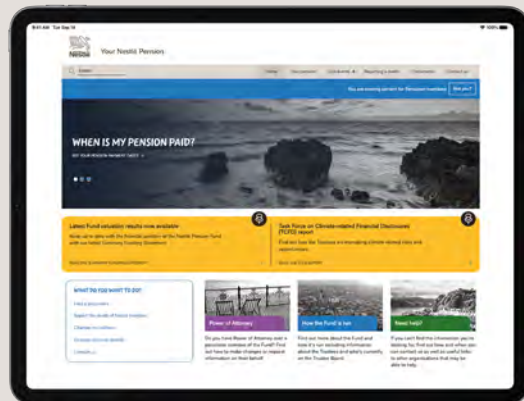
Find helpful information on the Nestlé Pensions website



The Nestlé Pensions website has information about how your pension increases and includes details about what actions you might need to take regarding your Nestlé pension at different life stages. For example, if you're moving house, getting married or divorced or your Power of Attorney status changes.

With a dedicated section for pensioner members like you, the website is a great place to go if you have questions about your Nestlé pension.

You can find the pensioner section at [nestlepensions.co.uk/pensioner](https://www.nestlepensions.co.uk/pensioner)



How your pension works – latest funding update

Measuring and monitoring the Fund's financial health, and making appropriate decisions for the future as a result, is a key part of our job as Trustees.

A full actuarial valuation – or financial health check – of the DB sections of the Fund takes place every three years. This compares the total value of the Fund's assets with its liabilities.

The last one took place as at 31 December 2021 and we updated you with those results in March this year. In the years between valuations, the actuary provides a funding update so we can monitor how the Fund's finances are doing – this is known as a summary funding statement. Here are the headlines from the funding update as at 31 December 2022.

Funding update as at 31 December 2022



Valuation as at 31 December 2021



The Fund is still in surplus

The Fund's assets were more than its liabilities as at 31 December 2022.



Assets

The money the Fund has available.

Liabilities

The estimated amount of money the Fund needs to be able to pay the benefits members have already earned.

Funding level

This shows how much of the Fund's liabilities are covered by its assets – if the funding level is above 100%, there is a surplus.

How your pension works – latest funding update (continued)

What does the chart show?

The chart on **page 7** shows that on 31 December 2022, there was a £30m surplus, down from £230m the previous year. This reduction is mainly due to the very significant market disturbance caused by the September 2022 mini budget.

Rising interest rates meant that the Fund's assets fell significantly, especially in the government and corporate bond investments it holds. But higher interest rates also meant that the value of the Fund's liabilities fell too – with higher interest-rate income from its assets, the Fund doesn't need to hold as much money now to meet future pension payments. This means the Fund is still fully funded and still has a small surplus.

While it's important to remember that this summary funding statement is a snapshot, and we expect the financial position to change each year, the position has remained relatively stable in 2023 so far.

The next full actuarial valuation is due as at 31 December 2024. In the meantime, we'll update you on the latest funding position in next year's newsletter.

The funding position has remained relatively stable in 2023 so far.

You can read the full version of the latest summary funding statement at [nestlepensions.co.uk/pensioner/documents/member-communications](https://www.nestlepensions.co.uk/pensioner/documents/member-communications)



How your pension works – responsible investing

The money in pension schemes like the Fund is invested to help it grow. Responsible investing is a way of setting an investment strategy that aims to make positive investment returns (that is, to help the money to grow) while at the same time taking into account environmental, social and governance (ESG) issues when making investment decisions.

What are ESG factors?

Do the companies that we are invested in have a positive or negative impact on resources and environment? This can include:



Environmental

- Climate change
- Biodiversity
- Deforestation
- Water consumption

How do the companies that we are invested in treat their employees, customers and community? This can include:



Social

- Employee wellbeing
- Human rights
- Diversity, equity and inclusion
- Supply chain management

Do the companies that we are invested in structure their leadership to allow for accountability and ownership? This can include:



Governance

- Board structure
- Executive remuneration
- Tax fairness
- Bribery and corruption

You can find more information about responsible investing, our approach to it and information about the Fund's net zero ambition on our new webpage at nestlepensions.co.uk/pensioner/responsible-investing



Don't forget!

We also produce a yearly Taskforce for Climate-related Financial Disclosures (TCFD) report which includes details of the greenhouse gas emissions and the carbon footprint of the assets we invest in. You can find this report at nestlepensions.co.uk/pensioner/how-the-fund-is-run





How your pension works – responsible investing (continued)

The NUKPF Trustees' approach to Responsible investing

The Fund has defined benefit (DB) and defined contribution (DC) sections. The Trustees' investment objectives for each section are slightly different:

- For the DB sections (DB Core and DB CorePlus) the aim is to ensure the Fund has enough money to pay all the benefits it has promised to members, when they start taking their pension – like you.
- For the DC sections (DC Start and DC Core) the aim is to ensure that members' DC accounts have the chance to grow in value over the long term.

With input from our investment advisers, we set and monitor the investment strategies for the DB and DC sections to achieve these objectives. We then appoint appropriate investment managers to manage the investment of the DB and DC assets on a day-to-day basis.

When we choose these investment managers, we take a lot of factors into account. This includes the way in which environmental, social and governance (ESG) factors could affect the overall investment performance.

As Trustees, we believe that ESG factors can have a positive impact on investment returns. And we believe that incorporating these factors into our investment decision making and practices will lead to better informed decision making relating to our investments.

Company news

Road to net zero

Double-stacked rail trail

In September this year, Nestlé UK and Ireland delivered a rail container with double-stacked pallets of Purina products to Tesco's Thurrock distribution centre. This advanced container – the first of its kind – uses a mechanism that raises its roof while it's being loaded. Pallets can then be double stacked from floor to ceiling, so it can carry up to double the load of a normal container. The roof is then lowered once the container is ready to go.

Moving more product by rail is good news for other road users, because each freight train can take up to 76 lorries off the roads. It's great for the environment too, because each tonne of products moved by rail produces 76% less emissions than a diesel road journey¹.



Niall McCarthy (left), Rail Development and Delivery Manager at Nestlé UK and Ireland said,

"This trial is an important development in Nestlé's commitment to halve its emissions by 2030 and reach net zero by 2050. This initial trial will help launch stronger supply-chain resilience and reduce carbon emissions in the Nestlé UK and Ireland network."

Source

1. raildeliverygroup.com/about-us/publications/156-2019-05-rail-freight-delivering-for-britain/file.html – page 5



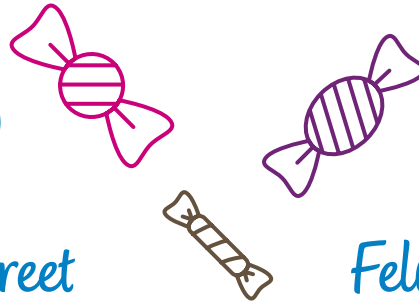
Company news (continued)

Christmas comes to Quality Street

The festive season is coming! So **Quality Street** is welcoming fan favourite Coffee Creme back after more than 20 years. You'll find the indulgent coffee-flavoured fondant in Quality Street assortments in selected John Lewis and Waitrose stores.

Quality Street pick and mix are now also back in selected John Lewis stores for the festive season. You can create your own bespoke collection from the 12 tasty sweets in this year's pick and mix assortment.

Which will be your favourite?

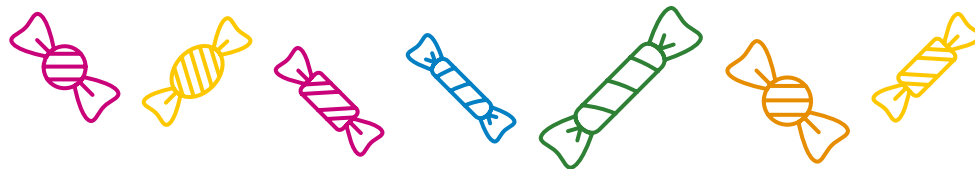


Felix Pick 'n' Mix

Felix has added nine flavours to its personalised Pick 'n' Mix boxes with new recipes available for Adult (1+), and Senior (7+) cats across its 'As Good As It Looks' and 'Doubly Delicious' selections.

They've also added Kitten (2-12months) recipes to Felix Pick 'n' Mix for the first time too.

You can build your own personalised Pick 'n' Mix box at direct.purina.co.uk – purrfect!



Pension news

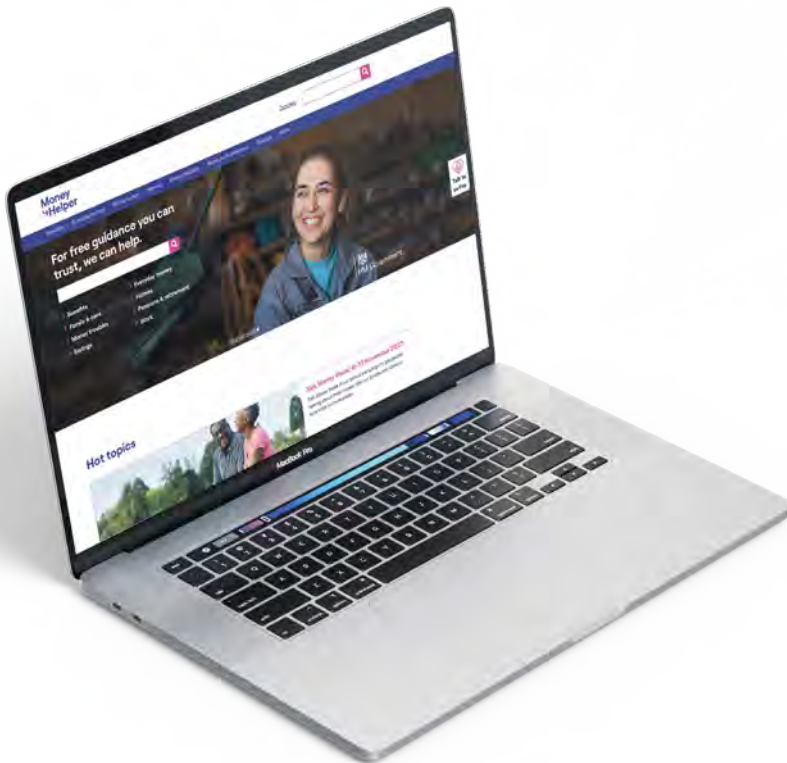
Here's a round-up of the latest relevant news from the world of pensions.

Visit MoneyHelper for help with money

MoneyHelper is a government-backed service that offers free guidance on a number of money-related topics from pensions to financial wellbeing and help with debt.

You can find information on the MoneyHelper website, or get help over the phone, through a live web chat or in a WhatsApp chat.

Visit moneyhelper.org.uk to find out more.



Keep your pension safe

While you can rest assured that your Nestlé pension is safe, if you have other pensions elsewhere that you haven't taken yet, it's important to keep those pensions safe too.

To keep an eye out for scams, 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.



Updates from the Pensions Team

The Pensions Team want to make sure you're getting the most from the Fund and your pension, so here are some useful updates and reminders from them.

YOUR NEXT PENSION PAYMENT DATE WILL BE 21 DECEMBER 2023

You can see the rest of your pension payment dates at nestlepensions.co.uk/pensioner/payment-dates

If you have any problems, or questions about your pension payment dates, please get in touch with us using our contact details on the **back page**.

Are your details up to date?

It's important that we have the correct address and bank details for you so that we can stay in touch with you and keep paying your pension.

If you've changed your address or bank details, or plan to do so in the future, please write to Nestlé Pensions with your new details, making sure that you sign the letter as this lets us know that you authorise the change. We can also accept a scanned, signed letter by email.

You can find our contact details on the **back page**.

Power of attorney

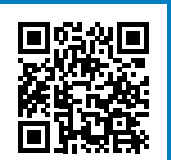
If you have power of attorney on behalf of a pensioner and need to make any changes or request any information for them, you'll need to send us a photocopy of the original power of attorney document.

If you have any questions about using a power of attorney in relation to a Nestlé pension, please get in touch with us using our contact details on the **back page**.



Share your thoughts with us

The Pensions Team us always looking to hear from you and we'd love to know what you think about the information we send you. Take two minutes to share your thoughts using our short online survey at bit.ly/nestle-pensionerQ4-survey



Scan me

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?



● **£194M**
Overall DC Fund value

If you'd like to find out more about the Fund's finances, you can ask for a copy of the Report and Accounts by emailing pensions@uk.nestle.com

Note: All figures are as at 30 September 2023. They do not include additional voluntary contribution investments held on behalf of members.

Other useful contacts

MoneyHelper

MoneyHelper is a government-backed service that offers free and impartial guidance on pensions, as well as other money-related issues. Find out more at 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. For help and information, visit thepensionsregulator.gov.uk

ScamSmart

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

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



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Nestlé Pensions
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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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