

Summary Funding Statement

October 2024

Keeping you updated on the financial position of your Pension Fund

The Trustees of the Nestlé UK Pension Fund (the Fund) regularly produce a Summary Funding Statement to give you an update on the funding position of the Defined Benefit (DB) sections of the Fund.

Every three years, the Fund Actuary carries out a full valuation to check the 'health' of the Fund.

In the years in between these valuations, we produce a funding update. This one provides a snapshot of the Fund's position as at 31 December 2023, which shows the Fund retains a healthy funding level of 103%.

You can find out more about the updated position on page 2 of this Summary Funding Statement, along with answers to some further questions you may have on page 3.

The next full valuation is due as at 31 December 2024 – we'll update you on the results once it is complete.

Steve Delo
Chair of the Trustee Board
On behalf of the Trustees of the Nestlé UK Pension Fund

Further information

If you have any questions or would like to see a copy of the Fund's financial accounts, rules, investment or funding policy documents, please contact Nestlé Pensions using the details below.

If you're thinking of making any changes to your pension arrangements, you should speak to a financial adviser before you take any action. By law, we cannot provide you with financial advice. To help find an independent adviser, go to moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Are your details up to date?

Please let us know if your contact details have changed.

You can also change the people you have nominated to receive benefits if you die by completing a [Nomination Form](#) or a [Dependant's Nomination Form](#).



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A snapshot of the Fund on 31 December 2023

How the funding position has changed since the 2021 valuation.

Funding update as at 31 December 2023



Funding update as at 31 December 2022



Valuation as at 31 December 2021



At 31 December 2021 the value of the Fund's liabilities was £6,310m and its assets were £230m above this. At 31 December 2023 the estimated value of the Fund's liabilities was £3,970m and the assets were estimated to be £130m above this.

When we wrote to you last year, we reported a surplus of £230 million as at 31 December 2021 and an estimated £30 million as at 31 December 2022. The estimated funding level has increased by £100m during 2023. This is mainly due to changes in financial conditions.

There has been volatility in financial markets over the last two years, including the significant market disturbance in the last quarter of 2022 following the mini-budget that September. The estimated value of the Fund's assets has fallen significantly since the 2021 valuation due to the rises in interest rates, which has had the effect of reducing the value of the Fund's government gilt and corporate bond investments in particular. Higher interest rates have also meant the value of the Fund's liabilities has fallen as the Fund does not need to hold as much money now to meet the same future pension payments.

We expect the snapshot to change from year to year because the Fund's finances depend on changes in global financial markets. However, its position has remained relatively stable over 2024 so far.

The next full actuarial valuation is due as at 31 December 2024, and we'll update you on the results once it is complete.

Assumptions

The Trustees employ an independent expert called an Actuary to provide regular checks on the Fund's finances. These regular checks involve calculating the value of the Fund's liabilities. The latest update is shown above.

The Fund's liabilities

The value of the liabilities is the amount of money that is expected to be enough to continue to pay out all the pensions that members have already built up in the Fund, based on assumptions about the future. Examples of assumptions include how long people will live, what inflation will be, and what returns on the Fund will earn on its investments.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This will depend on how actual experience compares with the assumptions made.

The Fund's assets

The assets of the Fund come from contributions paid by members and by the Company, together with investment growth.

The assets of the Fund are held separately from the Company and the Fund's Trustee is responsible for investing this money.

The DB sections' assets are held in a common fund – they are not held in separate pots for each member. Pensions are paid to retired members out of this common fund.

Some common questions answered

Q What if the Fund has to wind up?

A Nestlé UK Ltd and the Trustees do not intend to wind up the Fund. We do, however, monitor what would happen if Nestlé was no longer able to support the Fund. In this unlikely event, a wind-up of the Fund could begin and the responsibility for paying members' pension benefits would then be transferred to an insurance company.

The Trustees monitor the cost of securing all members' benefits with an insurance company. The most recent formal estimate provided by our independent advisers looked at the position on 31 December 2021 at the time of our last actuarial valuation. This estimate showed that, at that date, the Company would have to make an additional final contribution of about £720 million to make sure all members' pensions could be paid in full by an insurance company.

This is a larger deficit compared with the position shown on page 2, but this is fairly common amongst similar UK pension schemes.

In practice, if Nestlé UK Ltd were unable to pay further contributions to the Fund, for example in the case of insolvency, then we expect that further funds would become available under the guarantee of £1.9 billion provided by Nestlé's parent company, Nestlé SA.

Q Is my pension protected?

A If Nestlé UK Ltd became insolvent and there was not enough money to secure benefits in full with an insurance company (even allowing for the guarantee from Nestlé SA), members may not receive their full pension benefits.

To help members in this situation, the Government has set up the Pension Protection Fund. If the Fund were to enter the Pension Protection Fund, the amount members receive may be less than the pension benefits built up for them in the Fund.

The Pension Protection Fund rules are complex – the amount it will pay depends on the rules of the Fund, whether a pension is already being paid, a member's age and the type of pension benefit.

You can find out more about the Pension Protection Fund is available at www.ppf.co.uk – you can also write to them at PO Box 254, Wymondham, NR18 8DN, email information@ppf.co.uk or call them on 0345 600 2541.

Q What about my additional voluntary contributions?

A The Fund also holds additional voluntary contributions for those who make them – these are invested separately.

Q Is there anything else I need to know?

A Regulations require us to confirm that since the last Summary Funding Statement the Company has not taken any money out of the Fund and the Pensions Regulator has not intervened in the running of the Fund. We are able to confirm this.

The Fund has also published its **Task Force on Climate-related Financial Disclosures (TCFD) Report** – you can get in touch with Nestlé Pensions using the contact details on page 1 if you'd like to see a hard copy form of the report.