



Pensions News 2020

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

Who looks after your pension?

Updates on the Fund and how it works

Reminders from the Pensions Team

Chair's welcome

Welcome to your new look and feel newsletter from the Trustees of the Nestlé UK Pension Fund (the Fund). In this new-look newsletter, we've put you at the centre of our messaging so that we can help you to understand how the Fund is run, who looks after it and what's been going on over the past year.

These are unusual times for us all, but despite the effects of the COVID-19 pandemic, we've been working as hard as usual to look after the Fund and make sure we can continue to deliver key services as normal.

Nestlé Pensions has adapted to new ways of working during the COVID-19 pandemic, which meant the whole team transitioning to home working from March. You can read more about this at nestlepensions.co.uk/coronavirus

Throughout the year, we've continued our work on the Fund's valuation. Work on this is still underway and you can read more about it on page 6. And as it's a valuation year, there will be no summary funding statement this year.

You might remember we were looking for three new Member Nominated Trustees earlier in the year. The Trustee Board and I would like to say thank you to all those who registered their interest and applied – we had a record-breaking number of applicants and at a very high standard. Due to COVID-19, we're still in the process of recruiting your new Trustees. You can find out more about the process, as well as information on the rest of the Board, on pages 4 and 5.

You'll see from the booklet that came with this newsletter that we'll be moving towards online communications early next year. You can find more information about this in the booklet or on the website at nestlepensions.co.uk/how-we-communicate



After another busy year, we still have lots planned, much of which you'll be able to read about in this newsletter.

As always, we hope you enjoy reading your newsletter and would be grateful for any feedback. Please get in touch with your comments using the contact details on the back page.

Steve Delo
(Chair of the NUKPF Trustee Board)

What's inside?

Looking after your pension	4
How your pension works	6
Pensions news	9
Reminders from the Pensions Team	10
About your Fund	11



Online communications

We're moving towards online communications early next year - you can find out more about this in the booklet you received with this newsletter.

Moving towards online communications will mean that we can continue to give you important information about the Fund and your retirement, but in a way that's better for the environment.

Our plan is to email you when new communications are available on your online account, so if you haven't registered your online account yet, make sure to register as soon as possible at nestlepensions.co.uk/register

If you'd still like to receive printed communications in the post, simply follow the instructions in the enclosed booklet.

For more information on how we plan to communicate with you, visit nestlepensions.co.uk/how-we-communicate

Want to request a document?

You can find a range of useful documents on our website at nestlepensions.co.uk

However, you can also request copies of the following documents from Nestlé Pensions using the contact details on the back page:

- Annual Report and Accounts
- Statement of Investment Principles (SIP)
- Schedule of Contributions
- Statement of Funding Principles
- DC Chair's Statement
- The Trust Deed and Rules



Looking after your pension

The Fund is managed by a Trustee Company (Nestlé UK Pension Trust Ltd) which has an overall duty to run the Fund 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 'Trustees').

Our Trustee Board is made up of four Trustees appointed by Nestlé and four appointed by members. The Board is also supported by the wider Nestlé Pensions Team.



Three Member Nominated Trustees are coming to the end of their terms in office and we're currently in the final interview stage for new Trustees. We'll be in touch with more information soon.

Your current Trustees are:



Marcus Barry

Marcus is a Member Nominated Trustee and an active member of the Fund.



David Baxter

David is a Member Nominated Trustee and a pensioner member of the Fund.



Malcolm Burridge

Malcolm is a Nestlé Appointed Trustee and an active member of the Fund.



John Chilman

John is a Nestlé Appointed Trustee and an Independent Trustee.



Steve Delo

Steve is a Nestlé Appointed Trustee and an Independent Trustee. He's also the Chair of the Trustee Board.



Irene Donaldson

Irene is a Nestlé Appointed Trustee and an active member of the Fund.



Barbara Firth

Barbara is a Member Nominated Trustee and a pensioner member of the Fund.



Steve Robinson

Steve is a Member Nominated Trustee and an active member of the Fund.

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 contributions are made to the Fund, that its assets are invested appropriately and as securely as possible and that member benefits are paid correctly and on time.



To find out more about what we do, watch a video from Steve Delo, our Chair, at player.vimeo.com/video/387983348

You can also watch Irene Donaldson (one of your current Trustees) describe the role of a Trustee at player.vimeo.com/video/387984906

New Trustees on the horizon

Earlier this year we started looking for new Member Nominated Trustees (MNTs) as three of our current Trustees are coming up to the end of their terms in office.

Here's a recap on what's happened so far on our search for new MNTs:

- Active and deferred members of the Fund were invited to register their interest in being a Trustee.
- Members who registered their interest were invited to take part in information day sessions.
- Interested members completed application forms online and submitted them in April.
- Our selection panel reviewed the applications and put together a shortlist for interviews.

What's next?

Our selection process has been slightly delayed due to COVID-19, but shortlisted candidates are currently being interviewed by our selection panel (made up of Trustees and members of the Nestlé Pensions Team).

After these interviews have taken place, the selection panel will take some time to finalise their decision. Once the new Trustees have been selected, we'll update our website at nestlepensions.co.uk/trustees to let you know who your new Trustees are.



Spotlight on Steve Delo

Steve is the Chair of our Trustee Board and has been for the past four years. He's an 'Independent Trustee' which means he doesn't work for Nestlé and never has, but being a Trustee is his full-time job.

As well as being Chair of our Fund's Trustee Board, he also chairs other prominent UK trustee boards including the board for The People's Pension. He's also a former President of the Pensions Management Institute (PMI) so knows more than a thing or two about pension schemes and how they're run.

Steve is well known in the pensions sphere for his experience and knowledge and is a great addition to our Trustee Board. We're not the only ones who think so either, as this year he was nominated as 'Pensions Personality of the Year' by Professional Pensions (and not for the first time!).

How your pension works

In future newsletters we'll talk to you more about how your investments and other parts of your pension work. But in this issue we need to update you about some of the work the Trustees have been doing this year.

DC Start and DC Core

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 then choose how to use the money in your account when you retire.

Find out more about how your pension works at nestlepensions.co.uk/your-pension/how-your-pension-builds-up/overview-of-sections



DB Core and DB CorePlus

In the defined benefit (DB) sections of the Fund, you build up pension based on your pensionable earnings up to a certain level (this is known as the pensionable earnings cap and after you've gone over it, you'll build up savings in a DC Core account for the rest of the 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.

For out more about how your pension works at nestlepensions.co.uk/your-pension/how-your-pension-builds-up/overview-of-sections



Valuation update

A valuation is a 'financial health check' of the Fund's DB sections which takes place every three years.

During a valuation, the Fund's assets (the money it has available) are compared with its liabilities (the estimated amount of money the Fund needs so that it can pay members the future benefits they have already earned) to calculate the Fund's 'funding level'. If the funding level is below 100%, there is a shortfall. If it's above 100%, there's a surplus. If there's a shortfall, the valuation tells us if any action is required. The valuation also works out what contributions are needed to pay for future DB benefits.

The latest valuation is looking at the Fund's position at 31 December 2018 and discussions between the Trustees and the Company are still ongoing. Once the valuation has completed, we'll write to you to give you an update on the funding level, and to tell you how your future DB contributions may be affected.

DB contributions

In the DB sections, Nestlé pays whatever is needed on top of your contributions to provide the pension you build up. To share some of the risk involved with providing a DB pension, members and Nestlé share the responsibility of contributing as part of a sharing arrangement. This means that the contributions could change if there's a change in the cost of providing DB pensions.

As the cost of providing DB pensions is generally increasing over time, it's likely that your DB contributions will increase next year. Any required increases will come into effect at least three months after the ongoing valuation is agreed. We'll write to you once the valuation is complete and you'll have the chance to change how you build up benefits in the Fund.

Defined contribution (DC) review

We're currently reviewing the Lifetime Pathway (this is where your savings will be invested if you don't want to choose your own funds) and the self-select funds available to DC Core members.

You can find out more about the Lifetime Pathway and self-select funds at [nestlepensions.co.uk](https://www.nestlepensions.co.uk) under the 'Your pension' section – simply go to 'Your investments' then 'Your choices'.

The current defined contribution investment arrangements have been in place since August 2017 and it's good practice to review these arrangements every three years. We started our review process earlier this year and expect to complete it by the end of 2020. Once the review is complete, it will take time to make any necessary changes to our investments and systems. We'll update you on our progress, and when any changes will take effect, closer to the time.

Responsible investing

ESG factors and ESG investing are subjects you may have heard a lot about recently when it comes to investments. ESG stands for environmental, social and governance and is a form of investing that is also called 'responsible' or 'sustainable' investing. ESG is simply a term used to refer to investments that aim to make positive investment returns while having a positive impact on the environment, society or on the performance of a business.

Responsible investment is a different approach to investing

A responsible investment approach recognises that creating long-term, sustainable investment returns depend on stable, well-functioning and well-governed social, environmental and economic systems.

Organisations who incorporate responsible investment aim to consider how the following factors can have a financial impact on investments:

Environmental

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



Social

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



Governance

Do the companies that we are invested in structure their leadership to allow for accountability and leadership?



Organisations then aim to incorporate these 'factors' into decisions that they make about investment management. Often these 'investment factors' are referred to as 'ESG factors'. Because pension schemes are very large investors, they are becoming more and more aware of how much influence they can have as responsible investors. Plus, the UK regulatory landscape around responsible investment is evolving all the time – which means that, in the future, pension schemes will need to make more information available about how they invest responsibly.

As Trustees, we've been looking at responsible investment for several years and up until now we've reported on this as required in our Statement of Investment Principles. We believe that ESG factors can have a positive impact on investment returns. And, we believe that incorporating these factors into our decision making and practices will lead to better informed decision making relating to our investments.

We are continuing to develop our approach in this area, as well as creating the necessary reporting that allows us to meet the regulatory disclosure requirements. We will keep you informed of our progress in future newsletters.



How your pension works (continued)

Defined Contribution (DC) Chair's Statement 2019

Each year, Trustees of defined contribution pension schemes are required by law to 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 on the website in July each year and the Statement for the year ending 31 December 2019 is on the website for you to view.

Among other things, in the Statement you can find:

- A description of the defined contribution section default investment arrangement and the outcome of any reviews that we made relating to those arrangements during the year.
- Details of the charges and costs that you pay in the defined contribution arrangements, and an assessment of the value of those charges. You may find the section on the assessment of value of the defined contribution arrangements particularly useful. The Trustees concluded that the defined contribution arrangements are good value to members - scoring 4 on a scale of 1 (poor) to 5 (excellent).
- Another document that Trustees need to produce by law called the Statement of Investment Principles (essentially the investment strategy for the defined contribution arrangements).

Find the DC Chair's Statement online at [nestlepensions.co.uk/how-the-fund-is-run](https://www.nestlepensions.co.uk/how-the-fund-is-run)

Pensions news

Pension scams

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

If you're considering making changes relating to your pension, protecting yourself against a scam can be as quick and simple as doing an online scam check with the Financial Conduct Authority (FCA) at fca.org.uk/scamsmart

Follow our tips to stay safe and take the FCA's pension scams quiz to see if you could spot a scam at fca.org.uk/scamsmart/pensions-scam-quiz

To read more about pension scams and how to protect yourself against them, visit our dedicated scams information page at nestlepensions.co.uk/pension-scams

FOLLOW THESE TIPS:

- 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*

If you think you might have been the victim of a pension scam, contact us using the details on the back page (along with any other pension provider you may have). You should also get in touch with Action Fraud as soon as possible either online at actionfraud.police.uk or by phone on 0300 123 2040.



Reminders from the Pensions Team

Have you thought about making a change?

To have an impact on the retirement income you'll get later on, there are a number of changes you can make now. It's important to review your decisions often and explore the different choices available to you to make sure you're on track for the retirement you want. We told you about these choices in your pension statement which you received in September.

Remember, there are some changes you can make all year round and some you can only make at certain points in the year. Look out for your newsletter in February/March 2021 for a reminder about what choices you can make and when.

Why not take some time before your newsletter arrives to think about making a change? Log in and use the modeller at nestlepensions.co.uk to see how making different changes can impact your income at retirement.

Why not take some time before your newsletter arrives to think about making a change?

New ways of working

After some time without it, the team has been working hard to get the helpline reinstated and it is now up and running again.

You can contact a member of the Pensions Team over the phone Monday to Friday from 9am to 5pm using the details on the back page.

Please be aware that we are continuing to prioritise certain work to make sure members and loved ones receive their benefits and so you may still experience delays.

You can find out more about this and other information about the impact of COVID-19 at nestlepensions.co.uk/coronavirus



DID YOU KNOW THAT 58% OF ACTIVE MEMBERS HAVE ALSO REGISTERED FOR AN ONLINE ACCOUNT?

If you haven't already, register for your own account today and join your colleagues in gaining access to a live summary of your account, your previous pension statements, online forms and more!

Register for an online account at nestlepensions.co.uk/register

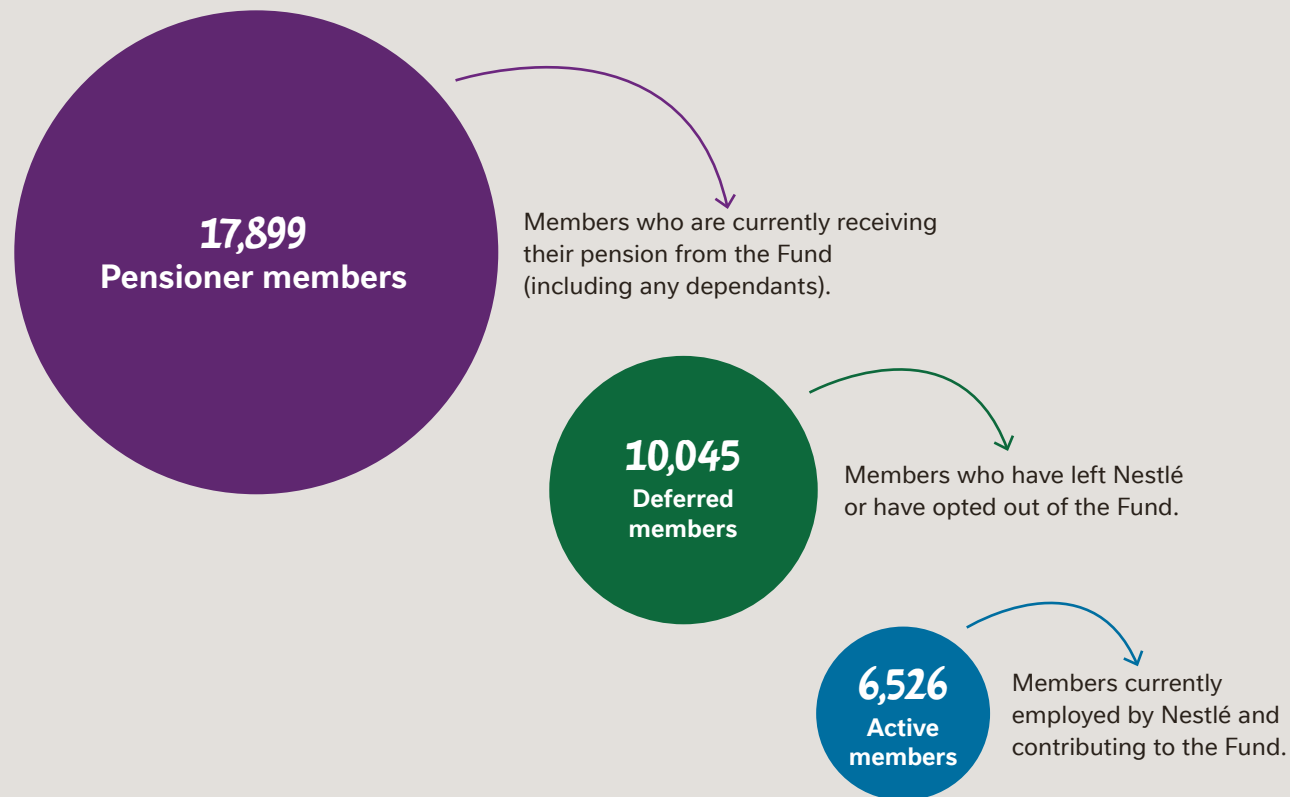


Remember, if you'd like to see the Fund's financial information, you can request a copy of the Fund's annual Report and Accounts using the contact details on the back page.

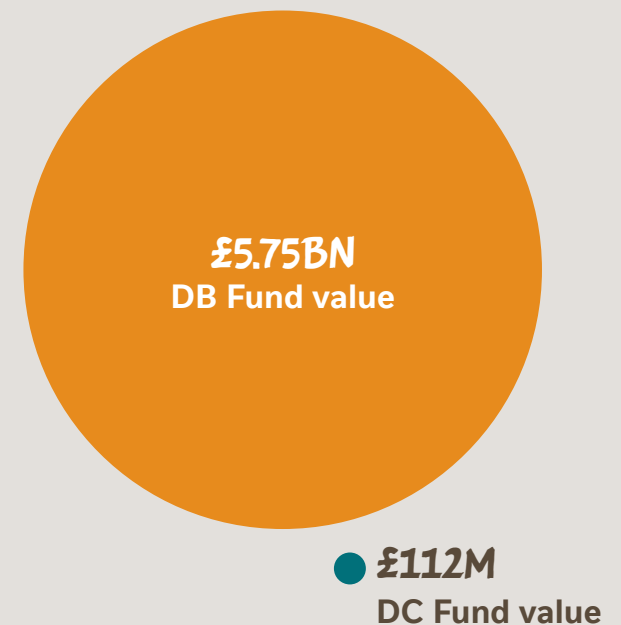
About your Fund

Here you can see a breakdown of who else is in the Fund. You can also see the latest defined benefit (DB) and defined contribution (DC) Fund values, and a breakdown of who else is in the Fund.

Who's in the Fund?



What's in the Fund?



If you want to find out more about the Fund's investments, you can request a copy of the Report and Accounts by emailing pensions@nestle.com

Note: these figures are all as at 30 September 2020.

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

Other useful contacts:

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 their website for help and information at thepensionsregulator.gov.uk

ScamSmart

FCA's 'ScamSmart' website provides lots of useful information about how to spot a scam, how to check out what you are being offered is legitimate and many other useful resources. Visit their website at fca.org.uk/scamsmart

Unbiased

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

Whilst every care has been taken to provide up-to-date and accurate information in this newsletter, we cannot guarantee that inaccuracies will not occur. Nestlé UK Limited and the Trustees will not be held responsible for any loss, damage or inconvenience caused as a result of any inaccuracy, error or omission. If there is any conflict between this newsletter and the Trust Deed and Rules of the Nestlé UK Pension Fund, the Trust Deed and Rules (as amended from time to time) take precedence.

Although every effort is made to ensure information is up to date at the time of writing, subsequent changes to the Fund's documentation and/or applicable legislation may subsequently affect its correctness or completeness.

This document is not intended to provide a definitive description of any benefits payable from the Fund or a comprehensive statement of the law on any issue. Nothing in this document confers any legal entitlement to benefits.

Nothing in this document constitutes financial advice and you should not rely on information in this document in making any decisions about your benefits or Fund membership. We recommend that you consider taking independent financial advice before making any such decisions.

This document contains references to the Trustees. These are the Directors of the Nestlé UK Pension Trust Ltd.

