

THE ORACLE UK PENSION PLAN

(Plan Registration Number 10176821)

ANNUAL REPORT FOR THE YEAR ENDED
31 MAY 2020

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The Trustee's Report

Introduction

This report relates to the operation of The Oracle UK Pension Plan ("the Plan") during the year ended 31 May 2020. The Investment Report on pages 43 to 49 forms part of this report.

Full details of the Plan's benefits can be found in the Plan's Trust Deed and Rules as amended from time to time. The Fourth Definitive Trust Deed is available at myoraclepension.com. Copies of individual benefit statements are available on request. These, and any other enquiries about the Plan, should be referred to the Plan Secretary at the address shown on page 6.

The Plan was significantly restructured with effect from 1 June 2004, with a revised contribution and benefit structure for membership after that date. Contributions paid after 31 May 2004 are referred to as Section 2 contributions. Contributions prior to 1 June 2004 are referred to as Section 1 contributions.

Prior to 31 May 2004, the Plan operated on a money purchase basis, subject to a Pensions Underpin, whereby part of Section 1 contributions are compared with the value of a defined benefit and the greater amount paid. The Trustee's Reserve Fund (from which the underpin is funded) is referred to as the Final Salary Section Underpin Reserve in this Annual Report.

From 1 June 2004 the Plan became a pure money purchase plan and ceased to be contracted-out from this date. Contributions were paid into each Member's Account and invested on the direction of the member, from a range of investments selected by the Trustee. The balance of the Member's Account is applied to provide benefits at retirement.

Benefit accrual under the Plan ceased with effect from 31 December 2010 which resulted in the cessation of:

- The payment of all Money Purchase contributions to Section 2 of the Plan;
- The provision of insured death in service dependants pension benefits;
- The provision of insured life assurance lump sum benefits

A group personal pension plan was put in place to receive contributions from 1 January 2011 and to provide life assurance benefits.

The Pensions Underpin for those members who remain in employment with Oracle Corporation UK Limited (the "Employer") remains linked to their current Pensionable Salary, unless they opt out.

Management of the Plan

The names of the Trustee of the Plan who served during the year and those serving at the date of approval of this report is as follows:

Name

Nominated/appointed by

Dalriada Trustees Limited (represented by A Kennett and G McGuinness) Independent Trustee

Trustees are appointed and removed in accordance with the Trust Deed and Rules. The Employer has the power to appoint and remove Trustees.

Since 1 August 2016 the Plan has had a sole independent professional trustee, Dalriada Trustees Limited. Under this arrangement there is no longer any requirement to have member nominated trustees.

The directors of Dalriada Trustees Limited are DN Copeland, RD Fogarty, CM Johnstone, AB Kennett, T Lukic, CJ Roberts, BD Spence and V Vassou. The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association.

The Trustee's Report (Cont)

There were four full Trustee meetings during the year under review and there were four meetings for both the Investment and the Governance & Operations sub committees. Each Trustee Director is entitled to receive at least ten days' notice of meetings, although in practice, dates are normally fixed well in advance.

The Trustee has delegated the day-to-day management and operation of the Plan's affairs to external specialists.

Changes to Plan Rules

During the year, a Deed of Amendment relating to the retention of In Service Deferred Member status for certain employees was signed. There have been other no changes to the Plan Rules during the year under review.

The Sponsoring Employer

The name and address of the Sponsoring Employer is as follows:

Oracle Corporation UK Limited
Building 510, Oracle Parkway
Thames Valley Park
Reading
RG6 1RA

Plan advisers

The Trustee retains a number of professional advisers in connection with the operation of the Plan. The advisers currently appointed are as follows:

Plan Actuary	P Hubbard
Advising Actuaries	Barnett Waddingham LLP
Independent Auditor	RSM UK Audit LLP
Investment Managers	Phoenix Life Limited
Investment Advisers	Aon Hewitt Limited
Legal Advisers	Eversheds LLP
Administrator of the Plan Benefits	Barnett Waddingham LLP
Bankers	Lloyds Bank Plc
Employer Covenant Advisers	Lincoln Pensions Limited
Secretary to the Trustee	N Lee – Oracle Corporation UK Limited

Changes in and other matters relating to Plan advisers

There have been no changes to Plan advisers and other matters during the Plan year under review.

The Trustee's Report (Cont)

Financial development of the Plan

During the year the value of the net assets increased by £24,883,037 to £428,246,544 as at 31 May 2020. The increase comprised of a net increase from dealings with members of £5,952,901 together with a net increase from the return on investments of £18,930,136.

Following recommendations from the Plan Actuary, the Employer was required to make a contribution of £15m (2019: £10.9m) to the Plan during the year.

Plan Audit

The financial statements on pages 62 to 73 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Tax status of Plan

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and, to the Trustee's knowledge, there is no reason why the Plan's registered status should be prejudiced or withdrawn.

Plan membership

	Number as at start of year	Changes in year	Number as at end of year
In service preserved	572		
adjustments		(2)	
left (preserved pensioners)		(28)	
retired		(3)	
died		(1)	
		<hr/>	538
Preserved pensioners	4,468		
adjustments		2	
new (from in service preserved)		28	
retired		(52)	
retired (fund as flexible payment)		(2)	
retired (small lump sum)		(8)	
transferred out		(37)	
duplicate records merged		(1)	
died		(7)	
		<hr/>	4,391
Pensioners and dependants	313		
new pensioners		55	
		<hr/>	368
Grand total members	<hr/> 5,353		<hr/> 5,297

Adjustments relate to late notification of member movements. The member numbers shown above reflect the number of member records held by the Plan.

The Trustee's Report (Cont)

Pension increases

Pensions in payment and deferred pensions under the Plan are increased each year at the rates specified in the Plan Rules, subject to any legal requirements to increase pensions. Pensions in respect of the Pensions Underpin are currently paid from the Plan.

The Plan Rules allow for those parts of members' pension other than Guaranteed Minimum Pensions ("GMP") to increase in payment in line with the Consumer Prices Index ("CPI") up to a maximum of 5%. GMP accrued from 6 April 1998 increases in payment in line with CPI up to a maximum of 3%, GMP accrued prior to 6 April 1988 does not increase in payment.

The increase applied with effect from 1 April 2020 was 1.7% (2019: 2.4%). No discretionary increase was awarded.

Transfer values

All cash equivalents (transfer values) paid during the year were calculated and verified in the manner required by the Pensions Schemes Act 1993 and subsequent amendments. There was no allowance for discretionary benefits in the calculation of transfer value.

Cash Equivalent transfer values paid during the year were not reduced.

A cash equivalent is the amount which a Plan member is entitled under social security legislation to have applied as a transfer payment to another permitted pension arrangement or a buy-out policy.

General Data Protection Regulations / Data Protection Act 2018

The General Data Protection Regulations 2016/679 (Regulations) cover information which is held electronically, i.e. computer based information and extend data protection laws to cover paper-based records held for individuals. The Regulations contain restrictions on the processing of special categories of data as defined in the Regulations, to which individuals must give their consent. This category of data can include information on, for example, the health of a member or marital status.

Members' personal data will be used by the Plan's advisers to administer the Plan, and may be passed to other professional providers or advisers.

The Trustee and the Plan's advisers each have a legal obligation and a legitimate interest to process data relating to members for the purposes of administering and operating the Plan, which includes passing on data to third parties, as mentioned above.

The Trustee is regarded as 'Controller' for the purposes of the Regulations, in relation to the process referred to above. The advisers appointed by the Trustee are usually 'Processors', however, some advisers, such as Scheme Actuary and auditors are considered to be controllers by the various professional regulatory bodies. Under the Regulations where two or more controllers jointly determine the purposes and means of processing, they shall be joint controllers of the data.

Codes of Practice

The Trustee is aware of and adheres to the Codes of Practice issued by The Pensions Regulator ("TPR"). The objectives of these codes are to protect members' benefits, reduce the risk of calls on the Pension Protection Fund ("PPF") and to promote good administration.

The Trustee's Report (Cont)

Trustee knowledge and understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Plan documentation. TPR has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective from 6 April 2006 and was updated with effect from November 2009. The Trustee is aware of these requirements.

The Pensions Regulator: Record Keeping

The Pensions Regulator issues guidance on all aspects of pension scheme data record keeping to all those responsible for the data (the trustees) and those who administer pension schemes. The guidance covers both common data and also conditional data (the data that is used to calculate benefits and is therefore scheme specific). The guidance sets out good practice in helping trustees to assess risks associated with record keeping. Improved data means that trustees and employers will be able to make a more precise assessment of their financial liabilities. Schemes are expected to keep their data under regular review and set targets for the improvement in the standard of data recorded. More information can be found at:

<http://www.thepensionsregulator.gov.uk/guidance/guidance-record-keeping.aspx>

GMP equalisation

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes.

The Trustee of the Plan is aware that the issue will affect the Plan, and has already considered this in detail. Work is ongoing as further guidance becomes available. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. No adjustments have yet been made to the financial statements as the work on reconciling and rectifying any benefits impacted is ongoing.

COVID-19

From March 2020, there has been a dramatic downturn in global markets as a result of the Coronavirus (COVID-19) pandemic. The pandemic has led to a significant downturn in asset valuations during the year. Post year end, the asset valuations have seen a recovery which has continued to the date of signing the accounts. The Trustee is monitoring the situation closely and liaising regularly with its investment and other advisors to consider any necessary actions for the investment strategy and other operational matters.

The Trustee's Report (Cont)

Contact for further information

If, as a Plan member, you wish to obtain further information about the Plan, including copies of the Plan documentation, your own pension position or who to contact in the event of a problem or complaint, please write to:

Secretary to the Trustee
The Oracle UK Pension Plan
UK HR Department
Building 510
Oracle Parkway
Thames Valley Park
Reading
RG6 1RA

Alternatively you may contact the Plan administrators online at:

<https://logon.bwebstream.com/shared/contact>

Or telephone: 0333 1111 222

The Trustee's Report (Cont)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting Standard applicable in the UK (FRS102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year, and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for securing that a Schedule of Contributions is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The Trustee's Report (Cont)

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, the Plan is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions. The Technical Provisions represent the present value of the benefits members are entitled to at the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

The most recent full actuarial valuation of the Plan was carried out as at 31 May 2019. The previous valuation was carried out as at 31 May 2016 and the funding position was updated in each interim year as required under section 224 of the Pensions Act 2004. The next full valuation will be completed as at 31 May 2022. The results of the most recent valuation are as follows:

	31 May 2019
Assets	£285m
Technical Provisions	£593m
Surplus/(Deficit)	(£308m)
Funding level	48%

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles dated 23 October 2020):

Method

The actuarial method to be used in the calculation of the Technical Provisions is the Defined Accrued Benefits Method. The principal assumptions to be used in the calculation of the Technical Provisions are:

RPI inflation

The RPI inflation assumption is set having regard to the difference between the market yields on long-dated fixed-interest and index-linked gilts (of appropriate term) at the valuation date.

CPI inflation

The CPI inflation assumption is set relative to RPI inflation less 1.0% p.a.

Pre-retirement asset return

The pre-retirement asset return is set as equal to the pre-retirement discount rate.

Pre-retirement discount rate

The return on Government bonds, at an appropriate term, will be taken as a suitable market index yield. The pre-retirement discount rate is set relative to the return on Government bonds plus 2.0% p.a.

Post-retirement discount rate

The post-retirement discount rate is set relative to the return on Government bonds plus 0.9% p.a..

Pay increases

Each member's pay is assumed to increase in line with the assumed rate of RPI inflation plus 1.0% p.a. This rate is inclusive of promotional increases.

The Trustee's Report (Cont)

Report on Actuarial Liabilities (Cont)

Increases in pensions in payment

Assumptions for future pension increases which are linked to inflation will be set with reference to the relevant inflation assumption, adjusted to take account of any minimum and maximum increases that apply using an appropriate statistical model.

Revaluations of deferred pensions in excess of GMP

In line with the CPI inflation assumption.

Life expectancies

Based on 100% of SAPS (S3NA) light year of birth tables for the relevant sex, making an allowance for improvements in the short term in line with the CMI 2018 projections with a long term improvement rate of 1.50% p.a. and initial improvement parameter of 1%.

Early retirement

All members are assumed to retire at their Normal Retirement Date.

Withdrawals

An allowance is made for in-service deferred members to withdraw from service at a rate of 10% p.a.

Family details

80% of males and 70% of females are assumed to be married at retirement or earlier death and husbands are assumed to be three years older than wives.

Commutation

No allowance is made.

Guaranteed Minimum Pension (GMP) equalisation

An allowance is made for the requirement on all pension schemes to equalise benefits between men and women to allow for the differences in GMPs. At the valuation date, an allowance was made of 1.5% of the Plan's liabilities for the estimated impact of GMP equalisation.

The financial statements on pages 62 to 73 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Plan Actuary considers the funding position of the Plan and the level of contributions payable.

The Trustee's Report (Cont)

Approval of Trustee's Report (including Investment Report)

Further disclosures required by legislation are provided in the Investment Report.

This report and the accompanying Investment Report were approved by the Trustee on

Date: _____

Signed on behalf of the Trustee:

Director of Dalriada Trustees Limited

Annual Governance Statement regarding defined contribution benefits held in The Oracle UK Pension Plan

1. Introduction

- 1.1. This Annual Governance Statement ("Statement") has been prepared by Dalriada Trustees Limited ("the Trustee"), the Trustee of The Oracle UK Pension Plan ("the Plan"). It reports on compliance with the governance standards that apply to defined contribution (DC) arrangements which are designed to help members achieve good outcomes from their pension savings.
- 1.2. The Plan was closed to future accrual on 31 December 2010. Prior to 1 June 2004 members DC benefits were subject to a defined benefit (DB) underpin. Further details relating to the DB underpin are provided in section 2 of this Statement.
- 1.3. This Statement covers the Plan year 1 June 2019 to 31 May 2020 ("the Plan year").
- 1.4. Under the governance standards, which are set out in the Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Regulations"), the Trustee will publish this Statement on a publicly accessible website. The web address for the website is:
<https://myoraclepension.com/index.html>

2. The Plan's DC arrangements

- 2.1. Over the Plan year, the Plan's DC arrangements were held across two separate Sections, as follows:
 - 2.1.1. **Section 1:** this Section consists of two different types of funds held by members; Core Funds and Non-Core Funds.
 - 2.1.1.1. **Core Funds:** these funds are subject to a DB underpin whereby if the value of an individual's benefits are less than the DB underpin at retirement, the individual will receive a guaranteed pension in respect of their Section 1 Core funds. If the Section 1 Core funds are greater than the DB underpin, these benefits are treated as DC benefits.
 - 2.1.1.2. **Non-Core Funds:** these funds are treated as pure DC benefits.
 - 2.1.2. **Section 2:** all funds held through Section 2 of the Plan are treated as pure DC benefits.

3. The DC Section's default investment arrangement

- 3.1. Over the Plan year, the Plan had three default investment arrangements for the purposes of the Regulations. The default investment arrangement that applies varies between Section 1 and Section 2 of the Plan and the type and value of benefits held.
- 3.2. When designing the default investment arrangements, the Trustee took into consideration the potential needs of Plan members as well as the Trustee's own investment beliefs. These default investment strategies were first implemented in 2016 following advice from the Trustee's investment adviser.
- 3.3. The default investment strategies, as well as the range of self-select options offered through the Plan, are subject to review at least every three years and the Trustee completed its last strategic review on 10 May 2018. As a result of this review, the Trustee elected to make a number of changes to the Plan's investment options and these were described in last years' Statement. The Trustee implemented these changes over the Plan year and they are therefore referred to below.

Annual Governance Statement (Cont)

Default investment arrangements design, aims, objectives and changes over the Plan year

- 3.4. **Section 1 Core Funds:** the default investment arrangement for individuals that hold Core Funds through Section 1 of the Plan is the Oracle Diversified Growth Fund.
 - 3.4.1. The Oracle Diversified Growth Fund invests 80% in the Phoenix BlackRock Diversified Growth Fund and 20% in the Phoenix BlackRock Aquila MSCI Fund.
 - 3.4.2. It is designed to provide long-term investment growth whilst limiting the degree to which it will fluctuate in value, to ensure that the value of benefits promised to members at their Normal Retirement Age (NRA) can be provided.
 - 3.4.3. No changes were made to this default investment arrangement over the Plan year.
- 3.5. **Section 1 Non-Core Funds and Section 2:** for these benefits, the Trustee has implemented two different default investment arrangements; the Drawdown Lifestyle Option and the Cash Lifestyle Option. These Lifestyle Options have been designed to be appropriate for the typical member and the Lifestyle Option into which members' benefits were invested was dependent upon the size of their fund. The key features of the Drawdown Lifestyle Option and the Cash Lifestyle Option are as follows:
 - 3.5.1. Both Lifestyle Options invest across a portfolio of underlying investment funds depending upon each member's term to their Normal Retirement Age (NRA). Each underlying fund is designed to provide exposure to different degrees of investment risk and will hold different asset classes in different proportions. The NRA of the Plan is set at age 65, however members can amend this should they wish.
 - 3.5.2. When a member is more than 5 years from NRA, the Lifestyle Options aim to grow the value of each member's benefits whilst providing less exposure to investment volatility (but a potentially lower return) than investing solely in a portfolio of global equities. The value of these funds can go down as well as up. In July 2019, the Trustee introduced a new fund throughout this phase of investment called the Phoenix Oracle Lifestyle Growth Fund and this replaced the previous investment portfolio of 20% in the Phoenix Oracle Global Equity Fund, 40% in the Phoenix Newton Real Return Fund and 40% in the Phoenix BlackRock Diversified Growth Fund.
 - 3.5.3. The Phoenix Oracle Lifestyle Growth Fund invests 20% in the Phoenix BlackRock Absolute Return Bond Fund, 25% in the Phoenix BlackRock Diversified Growth Fund, 25% in the Phoenix Invesco Perpetual Global Targeted Return Fund and 30% in the Phoenix BlackRock Aquila Life MSCI World Index Fund.
 - 3.5.4. From 5 years to NRA, the Lifestyle Options will automatically and gradually switch into a portfolio of funds that have been designed to be suitable for taking benefits either as cash or using drawdown, as follows:
 - 3.5.4.1. **Drawdown Lifestyle Option:** this option has been designed to limit the extent to which members' benefits are exposed to large fluctuations in value in the approach to NRA, but to also provide the potential for future growth. As part of the changes implemented in July 2019, at NRA the Drawdown Lifestyle Option now targets 60% in the Phoenix Oracle Lifestyle Growth Fund, 15% in the Phoenix Oracle Index Linked Fund and 25% in the Phoenix Oracle Cash Fund.
 - 3.5.4.2. **Cash Lifestyle Option:** this option has been designed to protect the value of members' benefits at NRA. As part of the changes implemented in July 2019, at NRA this Lifestyle Option now targets 50% in the Phoenix Oracle Cash Fund and 50% in the Phoenix Oracle Active Bond Fund.

Annual Governance Statement (Cont)

Alternative investment options

- 3.6. Alongside the default investment arrangements described above, the Trustee has made available a number of additional investment options from which members are able to self-select. These are as follows:
- 3.6.1. An Annuity Lifestyle Option which invests in the same funds as the Drawdown and Cash Lifestyle Options up to 5 years before NRA and was therefore subject to the same change described in 3.5.2 above. At NRA this Lifestyle Option targets a portfolio of funds that is deemed to be suitable for those members who wish to purchase an annuity with their benefits.
- 3.6.2. A core range of 15 individual investment funds which hold different asset classes and have different investment objectives. Over the Plan year, and alongside the changes to the default investment arrangements described above, the Trustee made the following changes to the core range of investment options:
- 3.6.2.1. The Phoenix LGIM Property Fund was removed from the Plan's fund range and all assets and members investing in this fund were transferred to the Phoenix Threadneedle Pension Property Fund. This process was completed in November 2019.
- 3.6.2.2. The BNY Mellon Real Return Fund (previously the Newton Real Return Fund) was removed from the range of available investment options through the Plan, but existing investors assets remain invested in this fund.

Trustee's review of investment transitions over the Plan year

- 3.7. As part of the changes to the Plan's investment options described above, the Trustee was required to move money between different investment managers. When moving assets between different investment managers and/or funds, this will often give rise to implicit costs which are commonly referred to as "Transition Costs". These Transition Costs arise where assets are sold and purchased and will vary depending on the type of asset involved, the movement of markets and the inflows and outflows of money on any given day.
- 3.7.1. The changes to the Lifestyle investment options were processed as cash trades and the Trustee worked with its professional advisers and service providers to mitigate (as far as possible) the risks faced by members (for example, out of market risks). As a result this work, all assets were transitioned smoothly and no issues were encountered. This transaction resulted in Transition Costs of £27,007 being applied which accounted for 0.05% of the assets affected.
- 3.7.2. The timing of the switch from the Phoenix LGIM Property Fund to the Phoenix Threadneedle Pension Property Fund was carefully managed by the Trustee and its professional advisers to ensure that Transition Costs were minimised. This involved carefully considering the timing of the switch and monitoring inflows and outflows into each fund. As result of the work undertaken, the switch of assets went smoothly and all potential Transition Costs were negated.
- 3.8. On completion of both transitions, the Trustee asked its professional advisers to report on the process and methodology utilised and the Transition Costs incurred. The Trustee reviewed and discussed these reports at subsequent Trustee meetings and concluded that:
- 3.8.1. All core financial transactions arising from the change were processed promptly and correctly with the minimum impact on members.
- 3.8.2. The Transition costs were mitigated as far as reasonably possible. Such costs are an integral part of the investment process and the changes implemented are expected to provide improvements to the Plan's range of investment options.

Annual Governance Statement (Cont)

Monitoring and review of the default investment arrangement and alternative options

- 3.9. The Trustee, together with its professional advisers, monitors the investment options offered through the Plan on a quarterly basis. This monitoring looks at the performance of the default investment strategies as well as all of the alternative investment options offered through the Plan to ensure that they are consistent with their stated aims and objectives. It also considers any developments or changes with the fund manager.
- 3.10. The Trustee reviews the default investment arrangements at least annually and completes a strategic review at least every three years. As noted above, the last review was completed in May 2018 and the next strategic review of the default investment arrangements, as well as the wider range of investment options, is due to be completed in 2021.

Further information on investments

- 3.11. Further information on the range of investment options provided through the Plan are set out in the Statement of Investment Principles dated September 2020. This was reviewed over the Plan year to take account of the changes to the Plan's investment options, the Trustee's stewardship policies and its arrangements with the Plan's asset managers.
- 3.12. For the purposes of Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, the SIP sets out further details around the Trustee's investment objectives, and covers the following key matters in relation to the default investment strategies, including:
- 3.12.1. The Trustee's aims and objectives in relation to the investments held in the default investment arrangements.
- 3.12.2. The Trustee's policies on issues such as the kinds of investments to be held, the balance between different kinds of investment, investment risks (including how such risks are measured and managed), the expected return on investments, the realisation of investments.
- 3.12.3. An explanation of how these aims, objectives and policies are intended to ensure that assets are invested in the best interests of members.
- 3.13. A copy of the latest DC SIP is appended to this Statement as Appendix 1.

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately. Core financial transactions comprise the following:
- 4.1.1. The investment of contributions.
- 4.1.2. Transfers into and out of the Plan.
- 4.1.3. Investment switches.
- 4.1.4. Payments out of the Plan.

Annual Governance Statement (Cont)

DC Section administration

- 4.2. Over the Plan year, the administration functions of the Plan were outsourced to, and completed by, Barnett Waddingham LLP. The scope of these administration functions are formally recorded in a service agreement between the Trustee and Barnett Waddingham which was agreed at outset. This service agreement is reviewed periodically to ensure that the range and type of services provided remain suitable.
- 4.3. To ensure the accuracy and timeliness of processing of all Plan core financial transactions, the Trustee has established robust reporting and monitoring processes which include the following:
- 4.3.1. The day-to-day monitoring of administration standards is undertaken by Oracle's in-house pensions team who scrutinise the performance of Barnett Waddingham. The in-house pensions team has regular contact with representatives of Barnett Waddingham to ensure any errors identified are rectified without member detriment.
- 4.3.2. Service Level Agreements (SLAs) have been agreed between the Trustee and Barnett Waddingham. These SLAs set out the agreed maximum timescales and accuracy standards for all services provided by Barnett Waddingham in respect of the Plan. The agreed SLAs for the core financial transactions identified in 4.1 above are as follows:

Core financial transaction	SLA
Investment of contributions/investment switches	95% within 5 days
Transfers into the Plan	95% within 5 days
Transfers out of the Plan	95% within 3 days
Payments out of the Plan	95% within 5 days

- 4.3.3. Barnett Waddingham also has SLAs in place for other services it provides including; assisting with member enquiries, amending member records and issuing information.
- 4.3.4. Barnett Waddingham provides the Trustee with quarterly administration reports that document its performance against the agreed SLAs. The Trustee considers these reports in detail as a regular item at its quarterly meetings.
- 4.3.5. Over the Plan year, the SLAs achieved for each of the core financial transactions outlined above were as follows:

Core financial transaction	Q1	Q2	Q3	Q4
Investment of contributions/ Investment switches	100%	95%*	90%*	100%
Transfers into the Plan	N/A	N/A	N/A	N/A
Transfers out of the Plan	100%	100%	96%	100%
Payments out of the Plan	99%	99%	100%	99%

Note: N/A denotes that no activity of this kind occurred over the quarter.

* All tasks were completed within 3 days of the stated SLA.

- 4.3.6. Barnett Waddingham operates a pooled banking facility. The Barnett Waddingham pension administration system is updated daily to show reconciled balances to the pooled banking system. Financial Conduct Authority regulations for holding client monies mean that Barnett Waddingham must carry out an internal and external reconciliation every day. Barnett Waddingham's internal controls are audited annually and this is evidenced to the independent auditor. The Trustee has received a demonstration of the cash handling systems to show how transactions are reconciled and approved.

Annual Governance Statement (Cont)

4.3.7. The administrator's processes are subject to internal controls procedures and adhere to AAF standards. Information about Barnett Waddingham's administration procedures and controls can be found in its AAF report which is published online: www.barnett-waddingham.co.uk/aaf-0106-report/.

4.3.8. Administration is captured as part of the Plan's risk register which clearly documents the administrative risks associated with the operation of the Plan. This also includes details of the controls established by the Trustee to mitigate such risks. The risk registered is considered as part of the quarterly Trustee meeting process with a detailed review at least annually, the last detailed review was carried out at the Trustee meeting on 22 April 2020.

4.3.9. Monitoring of accuracy is undertaken via the auditing of the Plan's annual report and accounts and periodic auditing of the Plan's membership data.

Trustee view of core financial transactions

4.4. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the Plan year, the Trustee is satisfied that the core financial transactions have been processed promptly and accurately.

5. Charges and transaction costs

5.1. Members of the Plan pay the costs and charges levied by the investment managers for the funds in which they are invested. These differ between the investment funds available and consist of both explicit and implicit costs:

5.1.1. **Explicit costs:** these are collected by explicit deduction of investment units and are expressed as a percentage of the value of each member's holdings within an investment fund. These are referred to as Total Expense Ratio (TER) and are calculated as the Annual Management Charges plus any Additional Expenses.

5.1.2. **Implicit costs:** these relate to the charges and transaction costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the explicit charges. These implicit charges impact on the investment returns achieved by the investment fund and vary day-to-day according to each fund's investment approach and prevailing market conditions. These are referred to as transaction costs.

5.2. All administration, communication and governance costs in respect of the Plan's benefits are met by the Oracle as the sponsoring employer.

5.3. The following tables provide details of the explicit and implicit costs applied to each of the investment options offered through the Plan over the Plan year. This data has been sourced from Phoenix whose platform is used to access the Plan's investment funds and covers the year to 31 March 2019.

5.4. The Trustee requested cost and charge data for all funds offered through the Plan from Phoenix for the period to 31 May 2020, however Phoenix can only currently provide this data quarterly due to an absence of the required information from each of the underlying fund managers. The Trustee, in conjunction with its professional advisers, will continue to work with Phoenix provide the information required.

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The Lifestyle Options

- 5.5. The following table provides details of the combined TER's and transaction costs for the Lifestyle Options provided through the Plan. As the investments held by the Lifestyle Options will change in the approach to NRA this is reflected in the range of charges provided.

Investment option	TER	Transaction costs [1]
Drawdown Lifestyle Option	0.1962% - 0.2511%	0.1675% - 0.2511% [2]
Cash Lifestyle Option	0.2511% - 0.4198%	0.2511% - 0.4198% [2]
Annuity Lifestyle Option	0.0432% - 0.2511%	0.0355% - 0.2511% [2]

The individual fund options

The following table provides details of the TER's and transaction costs for the self-select options provided through the Plan.

Investment option	TER	Transaction costs [1]
Active		
Phoenix CIS Oracle Diversified Growth Fund	0.50%	0.2734%
Phoenix CIS Oracle Lifestyle Growth Fund	0.46%	0.2511% [2]
Phoenix CIS Oracle Active Bond Fund	0.48%	0.8260% [2]
Phoenix CIS BNY Mellon Real Return	0.70%	0.4796%
Phoenix CIS BlackRock Diversified Growth Fund	0.61%	0.3460%
Phoenix CIS MFS Meridian Global Equity Institutional Fund	0.71%	0.0276%
Phoenix CIS Oracle Active UK Equity Fund	0.71%	0.1726%
Phoenix CIS Threadneedle Pensions Property Fund	0.80%	-0.6105%
Phoenix CIS Oracle Cash Fund	0.20%	0.0116%
Passive		
Phoenix CIS LGIM Global Equity Fixed Weights 50/50 Index Fund	0.15%	0.0210%
Phoenix CIS Oracle Global Equity Fund	0.10%	-0.0172%
Phoenix CIS LGIM UK Equity Fund	0.10%	0.0219%
Phoenix CIS LGIM Over 15 Year Gilts Index Fund	0.10%	0.0470%
Phoenix CIS Oracle Index Linked Gilt Fund	0.10%	0.0748%
Phoenix CIS LGIM Corporate Bond All Stocks Index Fund	0.18%	-0.0676%
Phoenix CIS LGIM Ethical UK Equity Index Fund	0.25%	0.0650%

[1] In certain circumstances the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market

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activity pushes the price of the asset being traded down, whilst the transaction was in progress. This can result in the asset being purchased for a lower price than when the trade was initiated.

[2] The Trustee introduced the Oracle Active Bond Fund and Oracle Lifestyle Growth Fund as underlying components of the Lifestyle Options (to different degrees) as well as self-select investment options in July 2019. As these funds were only in place for part of the Plan year, transaction cost data for a full year is not available. Data for a full Plan year will be included in subsequent Statements.

6. Demonstrating the impact of costs and charges

- 6.1. To demonstrate the impact of the costs and charges applied through the Plan, the Trustee has produced illustrations in line with statutory guidance and the September 2018 guidance from the Department for Work & Pensions entitled "Cost and charge reporting: guidance for trustees and managers of occupational schemes". These illustrations are set out below and are designed to cater for representative cross-sections of the membership of the Plan.
- 6.2. To determine the parameters used in these illustrations, the Trustee has analysed the members invested in the Plan over the Plan year and has taken into consideration the range of investment options offered to members. As a result of this analysis the Trustee has elected to base these illustrations on the following variables:
 - 6.2.1. Pot size: pot sizes of £5,000, £15,000, £40,000 and £75,000 have been used as the Trustee considers these to be broadly representative of the pot sizes of members invested across Section 1 and Section 2 of the Plan.
 - 6.2.2. Future contributions: as all members of the Plan are now no longer actively making pension contributions, the Trustee has decided to produce illustrations that assume no future contributions will be paid.
 - 6.2.3. Investment funds: the investment options selected for these illustrations include the most popular by number of members for Section 1 and Section 2 of the Plan, the highest charged fund, the lowest charge fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.
 - 6.2.4. Timeframe: the illustrations are shown over a 35 year time frame as this covers the approximate duration that the youngest member would take to reach NRA.
- 6.3. For each individual illustration, each savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund, and then again, but adjusted for the cumulative effect of the costs and charges of the fund. The TER applied is in line with the table set out in section 5.5 this Statement and the Transaction Costs are the average of those experienced in each fund over the previous 2 years (where available).
- 6.4. The Trustee is aware that the Regulations require the transaction costs data used to produce the illustrations be based on an average of the past 5 years, however Phoenix was not able to provide transaction cost data covering this timeframe for this Statement. The Trustee, in conjunction with its professional advisers, will continue to remind Phoenix of its legal duty to provide such information.
- 6.5. The illustrations are presented in two different ways:
 - 6.5.1. For the Lifestyle Options, the illustrations have been calculated based on the number of years until the member reaches their chosen retirement date. This is because the underlying asset allocation and therefore the costs and charges of the Default change over time and this needs to be reflected in the illustrations.

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6.5.2. For the Oracle Diversified Fund and the other self-select funds, the illustrations have been calculated based upon the number of years (from 31 May 2020) that a member expects to be invested in those funds.

Guidance to the illustrations

1. Projected pot sizes are shown in today's terms and consequently do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations at 2.5%.
2. Each illustration assumes up to 35 years of membership leading up to the Plan's normal retirement age of 65.
3. Values shown are estimates and not guaranteed.
4. The starting date for the illustrations is 31 May 2020.
5. The projected growth rates, gross of costs and charges, for each fund or arrangement have been provided by Barnett Waddingham LLP and are in line with the 2020 Statutory Money Purchase Illustrations (SMPI). They are calculated with reference to the Financial Report Council's Actuarial Standards TM1 and are set out in the table below, alongside the TER and Transaction costs used to produce the illustrations.

Fund/strategy name	Nominal return	Real return	TER	Transaction cost
Drawdown Lifestyle [1]	2.30% - 3.50%	-0.20% - 1.00%	0.35% - 0.46%	0.1675% - 0.2511% [2]
Cash Lifestyle [1]	0.30% - 3.50%	-2.20% - 1.00%	0.15% - 0.46%	0.2511% - 0.4198% [2]
Oracle Diversified Growth Fund	3.90%	1.40%	0.50%	0.2548%
LGIM Over 15 Year Gilts Index Fund	0.30%	-2.20%	0.10%	0.0197%
Oracle Active Bond Fund	1.30%	-1.20%	0.48%	0.8260% [2]
Oracle Global Equity Fund	4.30%	1.80%	0.10%	0.0071%

[1] These figures have been calculated as a weighted average of the underlying funds and the range provided reflects the change to asset allocation from 5 years to NRA.

[2] The transaction costs for the Oracle Lifestyle Growth Fund and Oracle Active Bond Fund which make up part of the Lifestyle Strategies are only available for part year as the funds were only recently introduced to the Plan. For other components of the Lifestyle Options a 2 year average has been used.

Important note: each of the illustrations allow for the future impact of inflation which, for certain funds, is higher than the assumed rate of growth. This is why the real terms value of the savings pot decreases over time.

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Phoenix CIS Oracle Diversified Growth Fund

An illustration has been included for the Oracle Diversified Growth Fund as it is the default investment arrangement for Core benefits held through Section 1 of the Plan and a popular self-select investment option.

Years of investment from 31 May 2020	Starting pot size £5,000		Starting pot size £15,000		Starting pot size £40,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£5,068	£5,031	£15,205	£15,094	£40,546	£40,252	£76,024	£75,472
5	£5,351	£5,159	£16,053	£15,478	£42,807	£41,275	£80,264	£77,390
10	£5,726	£5,324	£17,179	£15,971	£45,812	£42,590	£85,897	£79,857
15	£6,128	£5,493	£18,385	£16,480	£49,027	£43,948	£91,926	£82,402
20	£6,558	£5,669	£19,675	£17,006	£52,468	£45,348	£98,377	£85,028
25	£7,019	£5,849	£21,056	£17,548	£56,150	£46,794	£105,282	£87,738
30	£7,511	£6,036	£22,534	£18,107	£60,091	£48,285	£112,671	£90,535
35	£8,039	£6,228	£24,116	£18,684	£64,309	£49,824	£120,579	£93,420

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2020, when they came to retire in 10 years' time the savings pot could be £17,179 if no charges are applied but £15,971 with charges applied.

Drawdown Lifestyle Option

An illustration has been included for the Drawdown Lifestyle Option as it is one of the default investment arrangements for Section 2 of the Plan and for Non-core benefits held through Section 1 of the Plan. It is also the most popular investment option for members invested in Section 2.

Years from taking benefits	Starting pot size £5,000		Starting pot size £15,000		Starting pot size £40,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£5,002	£4,975	£15,006	£14,924	£40,016	£39,799	£75,029	£74,622
5	£5,128	£4,972	£15,384	£14,917	£41,024	£39,778	£76,920	£74,584
10	£5,383	£5,043	£16,149	£15,128	£43,064	£40,342	£80,746	£75,641
15	£5,651	£5,114	£16,952	£15,343	£45,207	£40,913	£84,762	£76,713
20	£5,932	£5,187	£17,796	£15,560	£47,455	£41,493	£88,979	£77,800
25	£6,227	£5,260	£18,681	£15,780	£49,816	£42,081	£93,404	£78,902
30	£6,537	£5,335	£19,610	£16,004	£52,294	£42,678	£98,051	£80,021
35	£6,862	£5,410	£20,586	£16,231	£54,895	£43,283	£102,928	£81,155

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2020, when they came to retire in 10 years' time the savings pot could grow to £16,149 if no charges are applied but to £15,128 with charges applied.

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Cash Lifestyle Option

An illustration has been included for the Cash Lifestyle Option as it is one of the default investment arrangements for Section 2 of the Plan and for Non-core benefits held through Section 1 of the Plan.

Years from taking benefits	Starting pot size £5,000		Starting pot size £15,000		Starting pot size £40,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£4,943	£4,907	£14,830	£14,720	£39,547	£39,255	£74,151	£73,602
5	£4,980	£4,805	£14,939	£14,414	£39,839	£38,438	£74,697	£72,070
10	£5,228	£4,873	£15,683	£14,618	£41,820	£38,982	£78,413	£73,092
15	£5,488	£4,942	£16,463	£14,826	£43,900	£39,535	£82,313	£74,128
20	£5,761	£5,012	£17,282	£15,036	£46,084	£40,095	£86,408	£75,178
25	£6,047	£5,083	£18,141	£15,249	£48,376	£40,663	£90,706	£76,244
30	£6,348	£5,155	£19,044	£15,465	£50,783	£41,240	£95,218	£77,324
35	£6,664	£5,228	£19,991	£15,684	£53,309	£41,824	£99,954	£78,420

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2020, when they came to retire in 10 years' time the savings pot could be £15,683 if no charges are applied but £14,826 with charges applied.

Phoenix CIS Oracle Global Equity Fund

An illustration has been included for this fund as it is one of the funds offered through the Plan with the highest assumed investment return and the lowest overall charges over the Plan year.

Years of investment from 31 May 2020	Starting pot size £5,000		Starting pot size £15,000		Starting pot size £40,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£5,088	£5,083	£15,263	£15,248	£40,702	£40,661	£76,317	£76,239
5	£5,455	£5,427	£16,364	£16,280	£43,638	£43,414	£81,821	£81,402
10	£5,951	£5,890	£17,852	£17,670	£47,606	£47,120	£89,262	£88,350
15	£6,492	£6,393	£19,476	£19,178	£51,936	£51,142	£97,380	£95,891
20	£7,082	£6,938	£21,247	£20,815	£56,659	£55,507	£106,236	£104,075
25	£7,726	£7,531	£23,179	£22,592	£61,812	£60,245	£115,897	£112,959
30	£8,429	£8,173	£25,287	£24,520	£67,433	£65,387	£126,437	£122,600
35	£9,196	£8,871	£27,587	£26,613	£73,566	£70,968	£137,936	£133,065

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2020, when they came to retire in 10 years, the savings pot could grow to £17,852 if no charges are applied but to £17,670 with charges applied.

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Phoenix CIS LGIM Over 15 Year Gilts Index Fund

An illustration has been included for this fund as it is a self-select investment option with the lowest assumed investment return.

Years of investment from 31 May 2020	Starting pot size £5,000		Starting pot size £15,000		Starting pot size £40,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£4,893	£4,887	£14,678	£14,661	£39,141	£39,095	£73,390	£73,303
5	£4,486	£4,459	£13,458	£13,378	£35,888	£35,674	£67,289	£66,889
10	£4,025	£3,977	£12,074	£11,931	£32,198	£31,816	£60,371	£59,655
15	£3,611	£3,547	£10,833	£10,641	£28,888	£28,375	£54,165	£53,203
20	£3,240	£3,163	£9,719	£9,490	£25,918	£25,306	£48,596	£47,449
25	£2,907	£2,821	£8,720	£8,463	£23,253	£22,569	£43,600	£42,317
30	£2,608	£2,516	£7,824	£7,548	£20,863	£20,128	£39,118	£37,741
35	£2,340	£2,244	£7,019	£6,732	£18,718	£17,952	£35,096	£33,659

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2020, when they came to retire in 10 years, the savings pot could be £12,704 if no charges are applied but to £11,931 with charges applied.

Phoenix CIS Oracle Active Bond Fund

An illustration has been included for this fund as it is the investment option with the highest overall charge.

Years of investment from 31 May 2020	Starting pot size £5,000		Starting pot size £15,000		Starting pot size £40,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£4,941	£4,878	£14,824	£14,633	£39,532	£39,022	£74,122	£73,166
5	£4,714	£4,418	£14,142	£13,254	£37,713	£35,344	£70,711	£66,269
10	£4,445	£3,904	£13,334	£11,711	£35,556	£31,229	£66,668	£58,555
15	£4,190	£3,449	£12,571	£10,348	£33,523	£27,594	£62,856	£51,738
20	£3,951	£3,048	£11,852	£9,143	£31,606	£24,381	£59,262	£45,715
25	£3,725	£2,693	£11,175	£8,079	£29,799	£21,543	£55,873	£40,393
30	£3,512	£2,379	£10,536	£7,138	£28,095	£19,035	£52,678	£35,691
35	£3,311	£2,102	£9,933	£6,307	£26,488	£16,819	£49,666	£31,536

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2020, when they came to retire in 10 years, the savings pot could be £13,334 if no charges are applied but £11,711 with charges applied.

7. Value for members

- 7.1. In addition to the requirement to assess the charges paid by members, the Trustee is required to consider the extent to which those charges and costs represent good value for money for members ("Value for Members"). The Regulations do not prescribe how trustees are to go

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- about assessing Value for Members; it is left to the respective trustee body to develop their own assessment framework.
- 7.2. The Trustee has established an assessment framework in order to determine whether the charges and transaction costs paid by members represent Value for Members. The Trustee has identified the following areas where they believe there is a benefit derived by members; these benefits can be financial or non-financial in nature:
- 7.2.1. Costs
 - 7.2.2. Member communications and engagement
 - 7.2.3. Investment choices
 - 7.2.4. Sound administration
 - 7.2.5. The time spent by the Trustee in making sure that the Plan is run in the interests of its members overall (referred to as 'governance')
- 7.3. The assessment takes into account available research on the costs and features of other DC schemes for comparison purposes in respect of the five core benefit categories identified above. The assessment for this Plan year was completed on 30th October 2020.
- 7.3.1. Costs
 - 7.3.1.1. Based on the profile of the Plan arrangements, the Trustee believes that the costs (as measured by Total Expense Ratios) are competitive when compared to current market rates.
 - 7.3.2. Member communications and engagement
 - 7.3.2.1. The Plan provides effective communications that are accurate, clear, informative and timely.
 - 7.3.2.2. Use is made of a variety of communication media.
 - 7.3.2.3. There are also online tools and access to information via the Plan's member website.
 - 7.3.3. Investment choices
 - 7.3.3.1. The Plan offers a variety of lifestyle and standalone investment options covering a range of member risk profiles and asset classes. The investment choices available have been designed, following advice from the Plan's investment adviser, with the specific needs of members in mind.
 - 7.3.4. Sound administration
 - 7.3.4.1. The Trustee has appointed Barnett Waddingham to provide administration services to the Plan and is satisfied that Barnett Waddingham has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that, if administrative errors do occur, members are not disadvantaged as a result.
 - 7.3.5. The time spent by the Trustee in making sure that the Plan is run in compliance with the law and regulation including taking account of the interests of its members (known as governance)
 - 7.3.5.1. The Trustee believes that good governance is key to ensuring that a framework exists and is actively in use to help deliver better member outcomes. The Trustee regularly reviews and updates its governance processes and procedures to make sure that these meet legal requirements and industry best practice.
- 7.4. Overall, the Trustee believes that the costs incurred by Plan members offer Value for Money in this context. Additionally, the charges paid by members for the default investment arrangements are compliant with the statutory Charge Cap.
- 7.5. In addition, it should be noted that the Trustee believes that transaction costs provide value for members, as the ability for the investment managers to transact forms an integral part of the

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investment process, and gives potential for greater investment returns net of charges over time. The Trustee will however monitor trends in the levels of transaction costs.

8. Trustee knowledge and understanding

- 8.1. Dalriada Trustees Limited ("Dalriada") has been a Trustee of the Plan since 10 December 2013 and the sole independent professional trustee since 1 August 2017. Throughout its appointment, Dalriada has been represented by Adrian Kennett and Greig McGuinness. There has been no changes to the Trustee over the Plan year.

Knowledge and expertise of the Trustee

- 8.2. As an independent professional Trustee, Dalriada brings a high degree of pension experience, knowledge and expertise to the management of the Plan and have the requisite knowledge and skills to undertake a trustee role effectively.
- 8.3. Both Dalriada representatives are familiar with the Plan governing documentation having overseen a consolidation review of the Plan's Trust Deed & Rules. They have also been instrumental in the development and implementation of other existing Plan governance documents and policies.
- 8.4. As an independent professional trustee, representatives of Dalriada are subject to external audit with regards to the maintenance of knowledge and understanding that is both relevant and appropriate to their ongoing appointments. This includes the need to complete the Pensions Regulator's trustee toolkit which ensures a good level of knowledge around the law relating to pensions and trusts and the procedures and the principles of investment and funding.
- 8.5. Mr Kennett is a Fellow member, and Mr McGuinness an Associate member, of the Pensions Management Institute and both also hold membership of the Association of Professional Pension Trustees and both are Accredited Members of the Association of Professional Pensions Trustees. As such, both are required to comply with the Continuous Professional Development (CPD) requirements of these professional organisations. This ensures that the Dalriada representatives maintain their knowledge of the regulatory framework and are able to put this into practice when managing the Plan. This includes compliance with regulatory duties, overseeing service providers, taking and challenging advice from the Plans professional advisers and managing the Plan for the benefit of members.
- 8.6. Training on aspects of investments, scheme management and regulation (both of a general nature and in relation to the Plan) is provided at Trustee meetings by the Trustee's professional advisers and Trustee training is a standing item agenda. Such training is complemented by attendance at pensions focussed conferences, seminars and courses as well as the wider CPD activities described above.
- 8.7. Over the Plan year, representatives of Dalriada have undertaken training and attended seminars which include, but are not limited to:
- 8.7.1. The new costs and charges disclosure duties and the impact upon the Plan
 - 8.7.2. DC governance and future regulatory change and how these developments will need to be accommodated through the Plan
 - 8.7.3. Developing regulations regarding the incorporation of Environmental, Social and Governance (ESG) factors and how such factors are integrated by the Plans investment managers.
 - 8.7.4. Updated Statement of Investment Principles requirements and the need to report on their adherence in a Compliance and Implementation Statement.
 - 8.7.5. Regulatory updates on the role of the Trustee during Covid 19
 - 8.7.6. Pensions Legal update

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- 8.7.7. Various external seminars, conferences, webinars and other virtual events.
- 8.8. The Trustee considers that its training is consistent with TPR's Trustee Knowledge and Understanding requirements (Code of Practice 7) and provides a mixture of generic and bespoke training sessions. This, together with the ongoing work in relation to the Plan and the access to professional advisers ensures that the Trustee has sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes as well as the law relating to pensions and trusts.

Access to professional advice

- 8.9. The Trustee has appointed recognised and suitably qualified legal advisers and investment consultants, who provide advice on the operation of the Plan in accordance with the Plan's Trust Deed and Rules and in compliance with legislation. The appointment and an assessment of the Trustee's advisers is reviewed on an annual basis.
- 8.10. The Trustee consults with its professional advisers as and when required, for example, on investments, governance and legal matters. Its professional advisers alert the Trustee on relevant changes to pensions legislation.
- 8.11. Over the Plan year, the Trustee received advice and consulted with its professional advisers on the following:
- 8.11.1. The implementation of the changes to the Plan's Lifestyle Options.
 - 8.11.2. The timing of the transfer away from the Phoenix LGIM Property Fund in favour of the Phoenix Threadneedle Pension Property Fund.
 - 8.11.3. The updates to the Plan's Statement of Investment Principles (SIP), to include the Trustee's stewardship policies and the arrangements with asset managers.

Trustee's knowledge of the Scheme's governing documentation

- 8.12. The Trustee is conversant with the Plan's Trust Deed and Rules as well as all other relevant Plan documentation, both through their overall experience in managing the Plan as well as its review of such documentation. Over the Plan year, the Trustee has reviewed the following Plan documentation:
- 8.12.1. The Trustee reviewed the Plan's SIP to incorporate information on the Trustee's stewardship policies and its arrangements with the Plan's asset managers.
 - 8.12.2. The risk register is reviewed at least annually (the last review was completed in April 2020) to ensure that all relevant risks have been identified.
 - 8.12.3. The member communication materials are updated each tax year and reviewed by the Trustee. Over the Plan year this included:
 - 8.12.3.1. A review of the Investment Guide in July 2019 to capture the revisions to the Lifestyle Options and the self-select fund range
 - 8.12.3.2. The launch of a new website which included the Annual Governance Statement and the SIP. This was further enhanced over the next Plan year to include more general information about the Plan.

Assessment

- 8.13. The Trustee considers that the combined knowledge of the Trustee Board, skills and understanding together with the advice which is available to the Trustee from its professional advisers, enables the Trustee to properly exercise its Trustee functions.

Annual Governance Statement (Cont)

9. Covid-19

- 9.1. At the time of preparing this statement, the Trustees continue to work closely with their advisers and service providers to assess the impact of Covid-19 on the Plan. This work has included:
- Engaging with Barnett Waddingham to ensure that core financial transactions are processed promptly
 - Considering the immediate impact on the investment funds and what actions may be required in the short and longer term
 - Communicating with members regarding the impacts of Covid-19, how their pension has been impacted and what they need to do, in-particular encouraging them to 'stop and think' before making any investment decisions during periods of market volatility.

.....

Adrian Kennett, for and on behalf of Dalriada Trustees Limited
Chair of the Trustee

.....

Date

Appendix 1 – Statement of Investment Principles

Version Date: September 2020

Oracle UK Pension Plan **Statement of Investment Principles ("SIP")**

Underpin Section - Section 1

The Trustee aims to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. The asset allocation strategy they have selected is designed to balance investing to meet the likely benefit obligation, taking into account the DB underpin, with investing to maximise members' benefits. The Trustee has taken into account the need for appropriate diversification.

Defined Contribution Section - Section 1 and Section 2

In investing the assets of the Plan in a prudent manner, the key aim of the Trustee is to provide a range of investments that are suitable for meeting long term and short term member objectives. They have taken into account members' circumstances, in particular their likely attitudes to risk, term to retirement, fund value at retirement and the options available at retirement. The Trustee aims to provide a limited range of high quality investment options.

Pensioner Section

The Trustee pays members' benefits from the Plan, as opposed to securing them through the purchase of an annuity. On retirement, members' funds will be disinvested from the Plan and invested within the Trustee Reserve Account. The Trustee aims to broadly match the balance between inflation-linked and fixed obligations, until such time as a bulk annuity purchase becomes viable.

The Plan is comprised of two sections (1 and 2). Section 1 is a hybrid of a Defined Contribution (DC) Plan with a Defined Benefit (DB) Underpin, Section 2 is pure DC.

Section 1 is available for members' benefits accrued prior to 1 June 2004. Section 2 is available for benefits accrued after 1 June 2004. Both sections are now closed to future contributions. The Plan's investment objective is implemented using the range of investment options set out in Appendix One.

After taking advice, the Trustee decided to make three lifestyle options available for Section 1 non-core and Section 2 funds. The lifestyle options are designed to be appropriate for a typical member with a predictable retirement date. However, the lifestyle options are not necessarily suitable for all members, for example, those who unexpectedly retire early.

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005), the Occupational Pension Schemes (Scheme Administration) Regulations 1996 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Pension Protection Fund (Pensionable Service), The Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018 and The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The Trustee has consulted with the principal employer, Oracle Corporation UK Limited ("the Employer"), prior to writing this Statement and will take the Employer's comments into account

Appendix 1 (Cont)

Version Date: September 2020

It is the policy of the Trustee to provide suitable information for members so that they can make the appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Plan's investment adviser. In choosing the Plan's investment options, the Trustee considers:

- The need for appropriate diversification.
- A full range of asset classes, including alternative asset classes such as private equity.
- The suitability of the possible styles of investment management and the option of investment manager diversification for members of the Defined Contribution Section.
- The risks and rewards of alternative asset allocation strategies.
- The suitability of each asset class in the Defined Benefit Underpin Section planned asset allocation strategy.
- The suitability of each asset class in the Defined Contribution Section.
- The membership profile and objectives.

The Trustee expects the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than the predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement for members who intend to take their benefits in this form. Cash funds are expected to provide protection against changes in short-term capital values, and may be appropriate in the lead up to retirement for members receiving part or all of their retirement benefits in the form of cash.

Pre June 2004 'Section 1' DC Investments

The default investment option is the Oracle Diversified Growth Fund for employer and employee core funds. The lifestyle investment options for non-core funds are detailed in Appendix Four.

Post June 2004 'Section 2' DC Investments

The lifestyle investment options are detailed in Appendix Four.

Trustee Reserve Account

Pensioner Section Investments

Assets held in the Trustee Reserve Account in respect of the Pensioner Section are invested in the Oracle Pensioner Reserve Fund.

Appendix 1 (Cont)

Version Date: September 2020

RISK MEASUREMENT AND MANAGEMENT

The Trustee recognise the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustee considered this risk when setting the investment options and strategy for the Plan. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

The Trustee considers the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustee and their advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- Risk of the lifestyle strategies or default funds being unsuitable for the requirements of some members.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Together with the following sources of risk which are specific to the Defined Benefit underpin and pensioner sections:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustee and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities ("cash flow risk"). The Trustee and their advisers will manage the Plan's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The possibility of failure of the Plan's sponsoring employer ("covenant risk"). The Trustee and their advisers considered this risk when setting the investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.

Due to the complex and interrelated nature of these risks, the Trustee considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle option annually.

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks on a periodic basis, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

Appendix 1 (Cont)

Version Date: September 2020

GOVERNANCE

The Trustee of the Plan has ultimate responsibility for the investment of the Plan's assets. The Trustee takes some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustee has taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee has established the following decision-making structure:

Trustee	
<ul style="list-style-type: none"> • Set structures and processes for carrying out their role • Select and monitor planned asset allocation • Select and monitor the investment advisers • Select and monitor investments and fund managers • Make ongoing decisions relevant to the operational principles of the Plan's investment strategy 	
Investment Adviser	Fund Managers
<ul style="list-style-type: none"> • Advise on all aspects of the investment of the Plan's assets, including implementation • Advise on this statement • Provide training as required 	<ul style="list-style-type: none"> • Operate within the terms of this statement and their written contracts • Select individual investments with regard to their suitability and diversification • Advise Trustee on suitability of their benchmarks

The Trustee's policy is to review their investments and to obtain written advice about them at regular intervals. When deciding whether or not to make any new investments the Trustee will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s).

Section 1

All of the Plan's Section 1 member assets are invested in an insurance policy with the Phoenix Group

Section 2

All of the Plan's Section 2 member assets are invested in an insurance policy with the Phoenix Group

Trustee Reserve Account

All of the Trustee assets, which are predominately there to provide for the DB underpin, where necessary, and pensioner section, are invested in an insurance policy with the Phoenix Group.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

Appendix 1 (Cont)

Version Date: September 2020

When deciding whether to make any new investments or terminate any investments, the Trustee will obtain written advice from their investment adviser. If the Trustee believes that any of the insurance policies are no longer suitable for the Plan, it will withdraw the assets.

The Trustee's investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Appendix 1 (Cont)

Version Date: September 2020

IMPLEMENTATION

Aon Hewitt has been selected as investment adviser to the Trustee. Aon Hewitt operates under an agreement to provide a full service designed to ensure that the Trustee is fully briefed both to take decisions themselves and to monitor those they delegate. Aon Hewitt is paid on a combination of fixed fee and time cost basis. This structure has been chosen to ensure that cost-effective, independent, advice is received.

Responsibilities of Fund Managers

The fund managers underlying the Phoenix Group policy are required to have regard for:

- Realisation of investments.
- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and implementing corporate governance, as required, to ensure the best performance of the investments held.
- Providing the Trustee with aggregate voting information and voting rationale for significant votes.

The Trustee expects each fund manager of the underlying assets to carry out the powers of investment delegated to them with a view to giving effect to the principles in this Statement so far as is practical. All investment managers, as mentioned above, have responsibility for all day-to-day decisions about the investments that fall under a written contract.

Appendix 1 (Cont)

Version Date: September 2020

Responsible Investment

Financially Material Considerations

The Trustee has considered financially material factors such as environmental, social and governance ("ESG") issues as part of the investment process to determine a strategic asset allocation (or default strategy). There is a risk that if ESG issues were not considered as part of the investment process that this could lead to poor performance. It believes that financially material considerations are implicitly factored into the expected risk and return profile of the asset classes they or members are investing in. However, the Trustee has not made an explicit allowance for risks associated with climate change as they believe it is difficult to accurately quantify.

The Trustee has elected to invest through pooled funds. The Trustee acknowledges

that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee expects its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment ("UN PRI") or other similarly recognised standards.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determine that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

Non-Financially Material Considerations

The Trustee has made an Ethical fund available to members who would like to invest in a fund with these specific considerations. The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

Stewardship

The Trustee recognises that good stewardship (including the exercise of rights attaching to investments and undertaking engagement activities) can enhance shareholder value over the long term.

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries. Where this primary consideration is not prejudiced, the investment manager should engage with companies to take account of ESG factors

Appendix 1 (Cont)

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in the exercise of such rights.

The Trustee reviews the stewardship activities of their investment managers, with the help of its investment consultant, on an annual basis, covering both engagement and voting actions. If they are found to not be appropriate, the Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager. The Trustee also expects the fund manager to engage with investee companies on the capital structure and management of conflicts of interest.

On an annual basis, the Trustee expects managers to provide aggregate voting information at a fund level and voting rationale for significant votes (defined as where votes were cast against management or where voting differed from the standard voting policy of the manager).

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

Charges and Transparency

It is the Trustee's view that long term performance, net of fees, is the most important metric on which to evaluate the fund managers.

The fund managers are remunerated through a percentage of fund charge (an annual management charge). In addition, fund managers may pay commissions to third parties on trades they undertake in the management of the assets. The Trustee intends to review these costs from time to time to ensure that the costs incurred are commensurate with the goods and services received and represent good value for members.

We believe that this method of remuneration of managers avoids a short-term approach to investment performance that may be the result of any performance-related fees. We therefore believe it is important to understand all the different costs and charges, which are paid by members (through a deduction from the unit price). These include:

- explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the Total Expense Ratio ('TER');
- implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund. We define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

The Trustee's investment consultant collects information on these member-borne costs and charges on an annual basis, where available, and these are set out in the annual Chair's Statement. This Statement is made available to members in a publicly accessible location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its investment consultant to highlight if these costs and charges appear unreasonable when they are collected as part of the Chair's Statement exercise.

The current annual management charges are detailed in Appendix Three.

Arrangements with Investment Managers

The Trustee monitor the investment options made available to Plan members, including the default option, to consider the extent to which the investment strategy and decisions of the appointed investment managers are aligned with the Trustee's policies, as set out in this statement. This includes

Appendix 1 (Cont)

Version Date: September 2020

monitoring the extent to which investment managers make decisions based on assessments about medium- to long-term financial performance of an issuer of debt or equity.

The Trustee receives reporting updates from their investment consultant on various items including the investment strategy, performance and longer-term positioning of the strategy on a quarterly basis. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme's objectives and assesses the investment managers over the long-term.

If and when a new investment manager is appointed, the Trustee endeavors to review any required governing documentation associated with the investment and consider the extent to which it aligns with the Trustee's policies. Where necessary, the Trustee will seek to express their expectations to the investment managers to try to achieve greater alignment.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the investment managers (e.g. verbally or in writing at time of appointment), and regular monitoring of investment managers' performance and investment strategy, is in most cases sufficient to incentivise the managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial performance.

Where investment managers are considered to be making decisions that are not in-line with the Trustee's expectations, or the other considerations set out above, the Trustee will endeavor to first engage with the manager and in the event of a material misalignment, could ultimately replace the manager if deemed necessary.

There is typically no set duration for arrangements with investment managers, although the continued appointment for all managers is reviewed at least on an annual basis.

The Trustee do not monitor the underlying investments made by the investment managers on their behalf against non-financial criteria.

The Trustee will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustee will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

A copy of the SIP is available to members in a publicly accessible web-location.

Signed Greig McGuinness Date . .25/09/2020


For and on behalf of the Trustee of the Oracle UK Pension Plan

Appendix 1 (Cont)

Version Date: September 2020

Appendix One - Section 1 and 2

Active Funds

Fund Name	Availability	Investment characteristics	Benchmark	Performance target
Newton Real Return Fund (Closed to new investors)	All contributions, except Section 1 employer core contributions.	Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	1 Month LIBOR.	Outperform benchmark by 4% p.a. over rolling 3-5 year period.
BlackRock Diversified Growth Fund	All contributions, except Section 1 employer core contributions.	Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	Bank of England Base rate	Outperform benchmark by 3.5% p.a. over rolling 3 year period.
Invesco Perpetual Global Targeted Return Fund	All contributions, except Section 1 employer core contributions.	Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	3 month LIBOR.	Outperform benchmark by 5% p.a. over rolling 3-5 year period.
Oracle Active Bond Fund	All contributions, except Section 1 employer core contributions.	100% invested in the BlackRock Absolute Return Bond Fund which invests in a range of fixed income assets with the aim of achieving positive returns.	3 month LIBOR.	Outperform benchmark by 2.5% p.a. over rolling 3-5 year period.
Oracle Lifestyle Growth Fund	All contributions, except Section 1 employer core contributions.	Composite of 30% BlackRock Aquila MSCI World Fund, 25% Invesco Perpetual Global Targeted Return Fund, 25% BlackRock Diversified Growth Fund and 20% BlackRock Absolute Return Bond Fund. The fund is rebalanced as necessary.	Composite of underlying funds	Composite of underlying funds
Oracle Diversified Growth  RE_Oracle - SIP.msg	Section 1 core contributions only.	Composite of 80% BlackRock Diversified Growth Fund and 20% BlackRock Aquila MSCI World Fund. The fund is rebalanced as necessary to the initial allocation of 80%/20% of the underlying funds in any subsequent period where it deviates.	Composite of underlying funds	Composite of underlying funds
Oracle Active UK Equity Fund	All contributions, except Section 1 employer core contributions.	100% invested in the Majestic UK Equity Fund. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	FTSE All Share Index	Outperform benchmark by 2% pa over rolling 3 year periods.
MFS Meridian Global Equity Institutional Fund	All contributions, except Section 1 employer core contributions.	Invests in shares throughout the world. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk.	MSCI World Index	To outperform index over full market cycle.

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Version Date: September 2020

Threadneedle Pensions Property Fund	All contributions, except Section 1 employer core contributions.	Invests in direct and indirect property. Property investment risk is lower than investments in equities, but higher than investment in bonds.	MSCI/AREF UK All Balanced Quarterly Property Fund	To outperform the benchmark by 1% pa over rolling 3 year periods.
Oracle Cash Fund	All contributions, except Section 1 employer core contributions.	Invests in short term cash instruments and aims to produce reliable nominal returns.	7 Day LIBID	To deliver competitive rates of return from cash deposits and other short-term instruments.

Appendix 1 (Cont)

Version Date: September 2020

Passive Funds

Fund Name	Availability	Investment characteristics	Benchmark	Performance target
LGIM Global Equity Fixed Weights 50/50 Index Fund	All contributions, except Section 1 employer core contributions.	Invests in shares throughout the world. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk.	50% FTSE All Share 50% Overseas Equities (split between the US Europe (ex-UK) and the Far East)	Achieve returns in line with benchmark.
Oracle Global Equity Fund	All contributions, except Section 1 employer core contributions.	Invests in shares throughout the world. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk.	MSCI World Index	Achieve returns in line with benchmark.
LGIM Over 15 Year Gilts Index Fund	All contributions, except Section 1 employer core contributions.	Low risk option, although the expected returns are lower than for equities.	FTSE UK Gilts Over 15 Years Index	Achieve returns in line with benchmark.
Oracle Index Linked Gilt Fund	All contributions, except Section 1 employer core contributions.	Low risk option with lower expected returns than equities. Investment returns are not eroded by unanticipated inflation.	50% FTSE UK Gilts Index-linked Over 5 Years Index 50% FTSE UK Gilts Index-linked Under 15 Years Index	Achieve returns in line with benchmark.
LGIM Corporate Bond All Stocks Index Fund	All contributions, except Section 1 employer core contributions.	Low risk compared to equities but riskier than gilts, the expected returns are lower than for equities and higher than for gilts.	iBoxx £ Non-Gilts Index	Achieve returns in line with benchmark.
LGIM Ethical UK Equity Index Fund	All contributions, except Section 1 employer core contributions.	Invests in UK shares of companies that comply with a code of ethical conduct. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	FTSE 4 Good Index	Achieve returns in line with benchmark.
LGIM UK Equity Index Fund	All contributions, except Section 1 employer core contributions.	Invests in shares in the UK. The returns will be more volatile and less secure than UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	FTSE All Share Index	Achieve returns in line with benchmark.

The default option for Section 1 core contributions is the Oracle Diversified Growth Fund.

Appendix 1 (Cont)

Version Date: September 2020

Appendix Two - Trustee Reserve Account

Active Funds

Fund Name	Availability	Investment characteristics	Benchmark	Performance target
Oracle Diversified Growth Fund		Invests in a composite of 80% BlackRock Defined Contribution Diversified Growth Fund and 20% BlackRock Aquila MSCI World Fund	Composite of underlying funds	Composite of underlying funds

Passive & Active Funds – Pensioner Reserve Fund

Fund Name	Availability	Investment characteristics	Benchmark	Performance target
Oracle Pensioner Reserve Fund	Trustee Reserve Account	Low risk option with lower expected returns than equities. Investments are expected to broadly match the balance between inflation-linked and fixed obligations. The fund is rebalanced to the initial allocation of the underlying funds on a quarterly basis.	28% FTSE UK Gilts Index-Linked Up to 5 Years Index 42% FTSE A Index-Linked (Over 5 Year) Index 30% Bank Of England Official Bank Rate Plus 3.5%	Achieve returns in line with benchmark.

All investments held in relation to the pensioner section are held in the Oracle Pensioner Reserve Fund

Appendix 1 (Cont)

Version Date: September 2020

Appendix Three – Fund Charges

Fund	Total Expense Ratio
Active	
Oracle Diversified Growth Fund	0.51%
Oracle Lifestyle Growth Fund	0.48%
Newton Real Return Fund	0.70%
BlackRock Diversified Growth Fund	0.61%
Invesco Perpetual Global Targeted Return Fund	0.78%
Oracle Active Bond Fund	0.50%
MFS Meridian Global Equity Institutional Fund	0.71%
Oracle Active UK Equity Fund	0.81%
Threadneedle Pensions Property Fund	0.80%
LGIM Property Fund	0.78%
Oracle Cash Fund	0.19%
Passive	
Oracle Pensioner Reserve Fund	Composite
LGIM Global Equity Fixed Weights 50/50 Index Fund	0.15%
Oracle Global Equity Fund	0.10%
LGIM UK Equity Index Fund	0.10%
LGIM Over 15 Year Gilts Index Fund	0.10%
Oracle Index Linked Gilt Fund	0.10%
LGIM Corporate Bond All Stocks Index Fund	0.175%
LGIM Ethical UK Equity Index Fund	0.25%

Appendix 1 (Cont)

Version Date: September 2020

Appendix Four – Lifestyle Options

The Trustee has selected three lifestyle strategies in which members can choose to invest their Section 1 non-core and Section 2 funds:

- Cash
- Drawdown
- Annuity

Each strategy automatically switches investments to align funds with the way in which members intend to take their benefits at retirement.

The following funds are currently constituents of the lifestyle matrices:

Fund Type	Fund Name	Investment Style
Cash		
Diversified Growth	Oracle Lifestyle Growth Fund	Active
Absolute Return Bonds	Oracle Active Bond Fund	Active
Cash	Oracle Cash Fund	Active
Drawdown		
Diversified Growth	Oracle Lifestyle Growth Fund	Active
Index Linked Gilts	Oracle Index Linked Gilt Fund	Passive
Cash	Oracle Cash Fund	Active
Annuity		
Diversified Growth	Oracle Lifestyle Growth Fund	Active
Index Linked Gilts	Oracle Index Linked Gilt Fund	Passive
Cash	Oracle Cash Fund	Active

Members are assumed to retire at 65 unless they have specified an alternative target retirement age.

Whilst the member has more than 5 years to retirement, all the lifestyle funds are identical and invest in the Oracle Lifestyle Growth Fund.

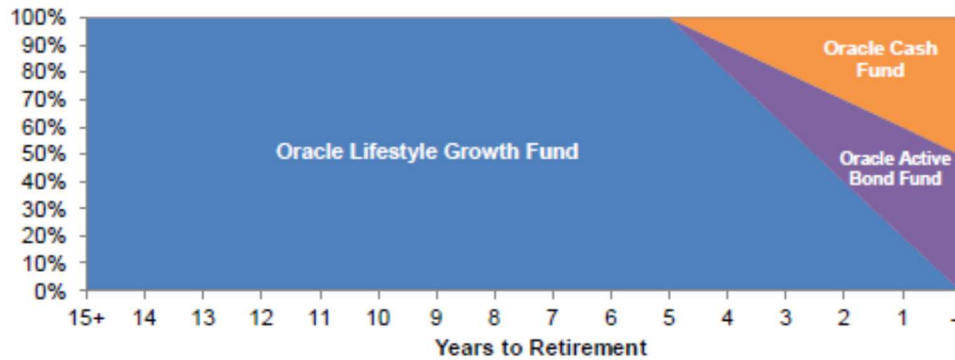
Within 5 years from retirement, the member's fund will be rebalanced in line with the lifestyle matrix on a quarterly basis. To reduce the risk of needing to repurchase fund units sold in a previous period purely as a result of market movements, the administrators will implement a 'No buy back' rule on the Oracle Lifestyle Growth Fund. For example, if market movements suggest that either Equity or Diversified Growth Funds need to be purchased to rebalance the member's fund in line with the lifestyle matrix, then this instruction will be overridden and the member's funds will be allowed to catch up with the matrix naturally as time passes.

Appendix 1 (Cont)

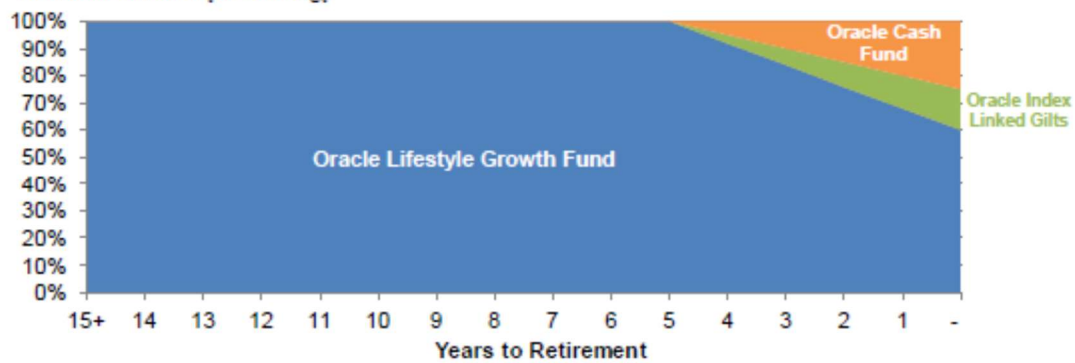
Version Date: September 2020

Charts showing each lifestyle are set out below:

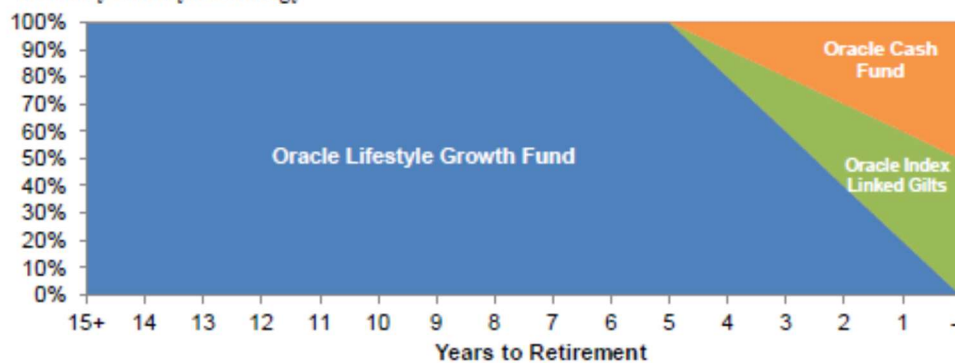
Cash Lifestyle Strategy



Drawdown Lifestyle Strategy



Annuity Lifestyle Strategy



The Investment Report

Investment managers

The Plan's Trust Deed and Rules permit the Trustee to delegate the task of investment management to outside experts. Phoenix Life Limited are professional external investment managers and have taken full responsibility for investing the Plan's assets. The Trustee sets the investment strategy for the Plan after taking advice from the Plan's investment adviser. The Trustee has put in place a mandate with the investment manager which implements this strategy. The investment manager is remunerated by fees based on a percentage of funds under management, and these fees are met by the Plan. There are no performance-related fee arrangements.

When choosing investments, the Trustee and the fund manager (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

Financially Material Considerations

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation (or default strategy). There is a risk that if ESG issues were not considered as part of the investment process that this could lead to poor performance. It believes that financially material considerations are implicitly factored into the expected risk and return profile of the asset classes they or members are investing in. However, the Trustee has not made an explicit allowance for risks associated with climate change as they believe it is difficult to accurately quantify.

The Trustee has elected to invest through pooled funds. The Trustee acknowledges that it cannot directly influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee expects its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Scheme's assets are subject to the investment manager's own policy on socially responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Scheme with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are signatories to the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standards.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Scheme and its investments;
- Use ESG ratings information provided by its investment consultant, to assess how the Scheme's investment managers take account of ESG issues; and
- Request that all of the Scheme's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determine that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

Non-Financially Material Considerations

The Trustee has made an Ethical fund available to members who would like to invest in a fund with these specific considerations. The Trustee has not considered non-financially material matters in the selection, retention and realisation of investments.

The Investment Report (Cont)

Stewardship

The Trustee recognises that good stewardship (including the exercise of rights attaching to investments and undertaking engagement activities) can enhance shareholder value over the long term.

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interests of the beneficiaries. Where this primary consideration is not prejudiced, the investment manager should engage with companies to take account of ESG factors in the exercise of such rights.

The Trustee reviews the stewardship activities of their investment managers, with the help of its investment consultant, on an annual basis, covering both engagement and voting actions. If they are found to not be appropriate, the Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager. The Trustee also expects the fund manager to engage with investee companies on the capital structure and management of conflicts of interest.

On an annual basis, the Trustee expects managers to provide aggregate voting information at a fund level and voting rationale for significant votes (defined as where votes were cast against management or where voting differed from the standard voting policy of the manager).

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expect investment managers to adhere to this where appropriate for the investments they manage.

Investment Principles

The Trustee has produced a Statement of Investment Principles as required by section 35 of the Pensions Act 1995 and a copy of the statement is included on page 28. The Statement of Investment Principles incorporates the Trustee's investment strategy.

Departures from Investment Principles

There were no significant departures from the stated principles during the year under review. Small deviations from the benchmark allocation are to be expected as a result of fluctuations in asset prices.

Custodian arrangements

Phoenix Life Limited act as custodians of the Plan's assets. The Trustee's investment management agreement with Phoenix Life Limited covers custodian arrangements.

Asset Allocation

The asset allocation as at 31 May 2020 is provided for the three largest funds below (Source: BlackRock and Invesco):

	Oracle Diversified Growth Fund (%)	Oracle Lifestyle Growth Fund (%)	Oracle Pensioner Reserve Fund (%)
UK and Overseas Equities	43.4	42.3	42.3
Bonds	33.2	40.3	82.8
Cash	4.8	11.4	4.9
Other	18.6	6.0	2.7
Total	100.0	100.0	100.0

The Investment Report (Cont)

Review of investment performance

Performance of the Plan's funds to 31 May 2020 is shown in the table below. Performance is shown net of fees against the respective benchmark with three and five year performance is annualised.

Plan Fund Performance (%) as at 31 May 2020			
Fund	1-Year	3-Year (p.a.)	5-Year (p.a.)
Oracle Diversified Growth Fund	4.6	4.1	4.1
<i>80% Bank of England Base Rate + 3.5%, 20% MSCI World Index</i>	5.5	5.0	5.9
Oracle Active UK Equity**	-10.0	-5.2	-
<i>FTSE All Share Index</i>	-11.2	-2.9	-
BlackRock Diversified Growth Fund	3.6	3.0	2.0
<i>Bank of England Base Rate + 3.5%</i>	4.1	4.1	4.0
LGIM Corporate Bond All Stocks Index Fund	6.8	3.5	4.6
<i>iBoxx £ Non-Gilts ex BBB All Stocks Index</i>	6.7	3.4	4.5
LGIM Ethical UK Equity Index Fund	-11.3	-2.0	1.6
<i>FTSE4Good UK Equity Index</i>	-11.9	-2.0	1.6
LGIM Global Equity Fixed Weights (50:50) Index Fund	-1.9	1.3	5.4
<i>50% FTSE All Share Index, 50% Overseas Equity Indices</i>	-2.4	1.4	5.4
LGIM Over 15 Year Gilts Index Fund	21.4	9.3	9.7
<i>FTSE Actuaries UK Government Over 15 Year Index</i>	21.5	9.4	9.8
LGIM UK Equity Index Fund	-10.4	-2.6	1.6
<i>FTSE All Share Index</i>	-11.2	-2.9	1.4
MFS Meridian Global Equity Institutional Fund	6.5	6.2	10.4
<i>MSCI World Index</i>	8.9	7.5	10.4
BNY Mellon Real Return Fund	2.5	2.4	2.6
<i>1 month LIBOR + 4%</i>	4.6	4.6	4.5
Oracle Cash Fund **	0.5	0.5	-
<i>7 Day LIBID</i>	0.4	0.4	-
Oracle Global Equity Fund **	9.3	8.0	-
<i>MSCI World Index</i>	8.9	7.5	-
Oracle Index Linked Gilt Fund **	6.7	4.4	-
<i>50% FTSE UK Gilts Index-Linked Over 5 Years Index, 50% FTSE UK Gilts Index-Linked Under 15 Years Index</i>	6.9	4.5	-
Oracle Pensioner Reserve Fund	5.7	3.8	4.9
<i>28% FTSE UK Gilt Index Linked Up to 5 Years Index, 42% FTSE Index Linked Over 5 years Index, 30% Bank of England Base Rate + 3.5%</i>	5.9	4.1	5.1
Threadneedle Pensions Property Fund *	-9.2	1.3	3.5
<i>MSCI / AREF UK All Balanced Quarterly Property Fund *</i>	-2.6	3.4	4.6

Source: Phoenix Corporate Investment Services

* Benchmark produced on a quarterly basis only. As at 30 June 2020.

** Funds launched within 3 or 5 year period; available performance figures shown.

The pooled investment vehicle unitised funds are priced and traded daily by the investment manager. The Trustee regards all of the Plan's investments as readily marketable.

The Investment Report (Cont)

Market Commentary

The performance of global equities over the year was extremely volatile. The MSCI AC World Index achieved its highest annual return in 2019 in a decade. However, this was followed by its worst quarter since the 2008 Global Financial Crisis in Q1 2020 due to the Covid-19 virus outbreak, which escalated into a global pandemic, resulting in shutdown of major economies and causing severe disruption in global markets. Signs emerged during the following two months that the "first wave" of the pandemic had passed in many developed economies and economies started to re-open.

During April and May 2020, global equities rebounded strongly as investors appeared to be willing to overlook continuing poor economic data indicating the worst recession in generations. Expanded fiscal and monetary stimulus measures provided key support for markets. On a sector level, Information Technology and Health Care sectors performed well as they were relatively unhindered by coronavirus-driven lockdowns. Energy was one of the worst-performing sectors as oil prices collapsed in Q1 2020.

Sterling experienced a strong rally in Q4 2019 after Prime Minister Boris Johnson agreed a Withdrawal Agreement with the European Union and his Conservative Party won a sizeable majority in the UK general election. However, sterling reversed its gains during the first half of 2020 due to the deteriorating UK coronavirus situation, Brexit uncertainty and a poor economic outlook.

The US Federal Reserve (Fed) implemented three rate cuts over the second half of 2019, bringing the Federal Funds Rate target down to 1.50%-1.75%. The Fed then announced two emergency rate cuts in Q1 2020 in response to the severe economic impacts of Covid-19, lowering the Fed Funds Rate target to 0.00%-0.25%. In addition, the Fed also relaunched its quantitative easing programme, pledging to buy potentially unlimited amounts of treasuries, corporate bonds, and other credit assets.

Following the Fed's lead, the Bank of England (BoE) cut its base rate by 65bps to an all-time low of 0.10% in Q1 2020. Meanwhile, the European Central Bank (ECB) cut its deposit rate by 10bps to -0.5% in September 2019 but, with limited room to cut rates further, kept interest rates unchanged in Q1 2020 amidst the coronavirus outbreak. The BoE joined the ECB in launching new asset purchase programmes in Q1 2020.

Brent crude oil prices fell sharply over the last twelve months. Oil prices were broadly unchanged in the second half of 2019 before falling by 65.5% in USD terms over Q1 2020. Demand for fuel fell due to lower demand because of Covid-19 and policy measures to combat its spread. This was compounded by increased production of oil by Saudi Arabia and Russia after the two countries failed to agree a plan to cut oil supply. However, oil prices recovered during the second quarter, supported by production cuts by OPEC+ and the easing of lockdown measures in major economies.

UK gilt yields fell in tandem with global government bond yields as monetary easing measures by major central banks took interest rates to near zero. Meanwhile, increased demand for government bonds from investors seeking "safe haven" assets amidst an equity market sell-off and uncertain economic outlook, kept further downward pressure on yields.

Credit spreads widened sharply, reaching their highest level since 2012, in Q1 2020, on concern over future corporate earnings and existing corporate leverage. However, spreads reversed substantially during the second quarter on the back of central bank purchases, government support measures and better than expected economic data.

UK commercial property returned -2.3% over the period, as the income return failed to offset the fall in capital values. Moreover, the coronavirus outbreak intensified pressure on the already struggling retail sector.

The Investment Report (Cont)

Equity Market Commentary

UK equities posted a negative return over the year to May 2020. UK equities had marched higher over Q3 2019, but similar to other markets, equity market momentum weakened. UK equities lagged other equity markets during the quarter, and continued to lag other markets in the last quarter of 2019, albeit posting positive returns. The degree of sterling strength, however, meant that overseas equity returns were all lower than the UK equity market in sterling terms. In Q1 2020, UK equities underperformed other regions, and the FTSE 100 index briefly fell below its lowest level since 2011, before recovering some of the losses towards the end of March. In the following two months to May 2020, UK equities rose but continued to significantly underperform other regions' equity markets as the UK's economic outlook and Brexit uncertainty weighed on equities, while large exposure to energy and financials, and lower exposure to technology stocks, also hindered performance.

US equities were the best performing market over the year, benefitting from the rebounding economic data and outperformance of US technology stocks. In Q3 2019, more defensive stocks performed well, except Health Care as pharmaceutical stocks faced headwinds in shape of political scrutiny ahead of the Presidential election. With corporate earnings turning lower in the last quarter of 2019, the positive return of US equities was driven by valuation multiple expansion and led US equities to all-time highs. In contrast to the previous, more cyclical sectors performed well due to the appearance of revitalised economic fortunes. In Q1 2020, US equities returned -19.6%. US equities had reached all-time highs in mid-February, boosted by the signing of a 'phase one' US-China trade deal and robust economic data releases. The market subsequently fell more than 20% below its peak in just over three weeks, recording the fastest bear market in history. Over the next two months to May 2020, US equities delivered strong returns as markets rebounded, also boosted by the extraordinary stimulus measures from the government and US Federal Reserve.

The European equities delivered marginal positive returns over the year. In Q3 2019, the defensive stocks outperformed their more cyclical counterparts, as data releases pointed towards further economic weakness. In Q4 2019, a slight improvement in European economic data, combined with expectations of a trade deal between the US and China, led European equities higher. In the first quarter of 2020, the European ex-UK equities were the worst performing market outside the UK in local currency terms. Europe was amongst the worst impacted by the coronavirus outbreak with the region accounting for the majority of the world's confirmed cases as at the end of March. Over the next two months to May 2020, the European equities delivered positive returns. In May 2020, the European Commission proposed a €750 billion recovery fund to help European Union nations affected by the Covid-19 pandemic.

Japanese equities delivered 6.6% in local currency terms over the year to May 2020. In Q3 2019, Japanese equities erased losses made over the second quarter of 2019 and led all other major equity markets, fuelled by better than expected economic releases. With both the Japanese economy and equity market closely tied to trade developments, in the last quarter of 2019, Japanese equities were boosted by prospects of more reconciliatory US-China talks. However, Japan faced worse-than-expected effects from the consumption tax hike while also having to contend with the economic impact from typhoons. In Q1 2020, Japanese equities were the best performing market over the quarter, recording a loss of 17.2% in local currency terms. The Covid-19 outbreak appeared to be relatively contained in Japan. In the following two months, the Japanese equities delivered 11.4% in local currency terms as equity markets recovered.

The Investment Report (Cont)

Emerging Market equities delivered negative returns over the year. In Q3 2019, global economic and trade uncertainties weighed on emerging market equities as they posted negative returns. In the last quarter of 2019, one of the bigger beneficiaries from a more stable global economic outlook were the emerging market equities, as Chinese equities surged by 14.0%. In Q1 2020, despite recording a similar local currency return to its developed counterparts, the general weakening of emerging market currencies, amidst the broad risk asset selloff, drove underperformance of emerging market equities. Whilst the coronavirus outbreak hit China hard when it first spread out from Wuhan, Chinese equities were boosted by signs of recovery from the outbreak later on and were one of the best performing markets over Q1 2020. Elsewhere, equity markets in commodity-driven economies such as Latin America and Russia suffered sharp losses on the back of the collapse in oil prices. Over April and May 2020, emerging market equities delivered positive returns, posting 9.5% in local currency terms, as markets rebounded, and economies relaxed their lockdown measures.

Bond Market Commentary

UK Investment Grade Credit

Concerns over UK credit escalated over the third quarter of 2019. UK credit spreads widened across all investment grade credit grades, but slightly more among lower quality corporate bonds. In the last quarter, credit spreads moved to 2019-lows. The decrease in spreads was not isolated to just the UK as there was a similar narrowing in spreads across developed corporate bond markets.

In Q1 2020, the risk asset selloff which tormented equity markets was also evident in the corporate bonds space, as concerns over future corporate earnings and existing corporate leverage resurfaced. UK investment grade credit spreads reached their highest levels since 2012. Lower quality credit spreads widened by more than their higher quality counterparts. This reflected increased downgrade risks, as a number of lower-rated companies were downgraded out of investment grade status over March.

Over the next two months, the UK credit delivered positive returns as the sterling non-gilt spread over UK gilt yields fell as credit markets stabilised on the back of liquidity support from central banks as well as emergency financial aid from governments.

Gilt Returns

Over the year, UK gilt yields fell in tandem with global bond yields as major central banks took interest rates to near zero.

During Q3 2019, the downward trend in global government bond yields due to slowing growth and further trade turmoil drove UK gilt yields lower, which contributed to strong UK gilt performance. The UK yield curve continued to flatten due to which longer-duration bonds outperformed relative to shorter-duration government bonds. During Q4 2019, yields rose which led to negative performance of UK government bonds. Yields moved higher across all maturities but were more pronounced at intermediate and longer maturities. The UK yield curve slightly steepened and as a result, longer-duration bonds underperformed relative to shorter-duration government bonds. With falling breakeven inflation, index-linked government bonds underperformed their nominal counterparts.

In Q1 2020, UK gilt yields moved lower across all maturities, driving the positive performance of UK government bonds. The Bank of England cut its base rate by 65bps to an all-time low of 0.10%. Moreover, increased demand for government bonds amidst an equity market selloff, and central banks implementing quantitative easing measures, drove prices up and yields down further. The higher interest rate sensitivity of longer-duration government bonds helped them to outperform their shorter-duration counterparts. The largest driver of the fall in nominal yields was a sharp decline in breakeven inflation. A collapse in oil prices, along with the weaker economic growth outlook, drove the decline in inflationary expectations. Driven by breakeven inflation, index-linked government bonds underperformed their nominal counterparts.

The Investment Report (Cont)

Whilst yields ended the first quarter down, March saw a period of extreme volatility in fixed income markets. There was a sharp rise in yields mid-March due to investors seeking to turn government bonds into cash in illiquid trading conditions, and concerns about increased borrowing levels from fiscal stimulus. In the following two months, gilt yields fell amidst heightened demand for safe-haven assets, monetary stimulus and increasing expectation of negative interest rates in the UK. Breakeven inflation bounced back as markets started to anticipate some inflationary effects from monetary and fiscal stimulus measures, whilst rising oil prices and relaxation of lockdown measures also raised near-term inflationary expectations.

Property Commentary

The MSCI UK Monthly Property Index delivered negative returns over the year.

In Q4 2019, the slowdown affecting the UK commercial property market intensified, and lowest quarterly return since the period that followed the EU referendum result was observed.

In Q1 2020, following several quarters of lacklustre returns, the pressure on UK commercial property market intensified, with the MSCI UK Monthly Property Index recording the first quarterly negative return since 2016. Income returns continued to be the sole positive driver of returns with capital values deteriorating further. The pressure on UK commercial property continued in the following two months. Capital values deteriorated further as property valuations continued to be written down to reflect the economic downturn, and rental growth continued to be negative as well.

Implementation Statement

The Plan provides benefits on both a defined benefit (DB) and defined contribution (DC) basis. The Plan is comprised of two sections (1 and 2). Section 1 is a hybrid of a DC Plan with a DB Underpin, Section 2 is pure DC.

This Statement has been prepared in accordance with applicable legislation, taking into account guidance from the Pensions Regulator.

Under applicable legislation, the Plan, for the purpose of this Statement, is therefore a hybrid scheme (a scheme providing both DB and DC benefits).

In this Statement we seek to:

- set out the Trustee's policies;
- comment on the voting and engagement behaviour and how the Trustee's policies have been followed during the Plan Year;
- set out the changes made to the SIP in 2019; and
- set out how, and the extent to which, the SIP has both been followed during the Plan Year.

Trustee Policies

This section sets out the policies in the Statement of Investment Principles ('SIP') in force at the Plan year end relating to the following:

- Financially Material considerations
- Non-Financial considerations

Stewardship including the exercise of voting rights and engagement activities is set out in the 'Voting and Engagement' section.

The Trustee updated the SIP after the Plan year end to include policies required by the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and will include those policies going forward.

Financially Material considerations

The Trustee has considered financially material factors such as environmental, social and governance ('ESG') issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Plan for members. It believes that financially material considerations are implicitly factored into the expected risk and return profile of the asset classes they are investing in. However, the Trustee has not made an explicit allowance for risks associated with climate change as they believe it is difficult to accurately quantify.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest primarily through pooled funds. The Trustee acknowledges that it does not influence the environmental, social and governance policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its fund managers and investment consultant to take account of financially material considerations when carrying out their respective roles.

The Trustee accepts that the Plan's assets are subject to the investment manager's own policy on responsible investment. The Trustee will assess that this corresponds with its responsibilities to the beneficiaries of the Plan with the help of its investment consultant.

An assessment of the ESG and responsible investment policies forms part of the manager selection process when appointing new managers and these policies are also reviewed regularly for existing managers with the help of the investment consultant. The Trustee will only invest with investment managers that are signatories for the United Nations Principles of Responsible Investment ('UN PRI') or other similarly recognised standard.

The Trustee will monitor financially material considerations through the following means:

- Obtain training where necessary on ESG considerations in order to understand fully how ESG factors including climate change could impact the Plan and its investments;
- Use ESG ratings information provided by its investment consultant, to assess how the Plan's investment managers take account of ESG issues; and
- Request that all the Plan's investment managers provide information about their ESG policies, and details of how they integrate ESG into their investment processes, via its investment consultant.

If the Trustee determines that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

Non-Financial considerations

The Trustee has made an Ethical fund available to members who would like to invest in a fund with these specific considerations. The Trustee has not considered non-financial matters in the selection, retention and realisation of investments.

Voting and Engagement

The Trustee is required to disclose the voting and engagement activity over the Plan year. The Trustee has used Minerva Analytics ('Minerva') to obtain voting and investment engagement information (VEI) on the Plan's behalf.

This statement provides a summary of the key information and summarises Minerva's findings on behalf of the Plan over the Plan year.

Voting and Engagement Policy and Funds

The Trustee's policy on stewardship is as set out below in the SIP dated September 2019:

The Trustee's policy on the exercise of rights attaching to investments, including voting rights, is that these rights should be exercised by the investment manager on the Trustee's behalf, having regard to the best financial interest of the beneficiaries.

Where this primary consideration is not prejudiced, the investment manager should engage with companies to take account of ESG factors in the exercise of such rights. The Trustee will review the investment managers' voting policies, with the help of its investment consultant, and decide if they are appropriate. If they are not appropriate, the Trustee will engage with the investment manager, with the help of its investment consultant, to influence the investment managers' policy. If this fails, the Trustee will review the investments made with the investment manager.

The Trustee has taken into consideration the Financial Reporting Council's UK Stewardship Code and expects investment managers to adhere to this where appropriate for the investments they manage.

The table below sets out the funds the Plan invested in over the Plan year and states the use of a proxy voter:

Fund / Product Manager	Investment Fund/Product	Made Via	Period Start Date	-	Period End Date	'Proxy Voter' Used?
BlackRock	Aquila Life <5 Yr Index Linked Gilt	Platform	01/06/19	-	31/05/20	N/A
BlackRock	Aquila Life MSCI World Fund	Platform	01/06/19	-	31/05/20	?
BlackRock	BlackRock Absolute Return Bond Fund	Platform	01/06/19	-	31/05/20	?
BlackRock	BlackRock Diversified Growth Fund	Platform	01/06/19	-	31/05/20	ISS
BlackRock	BlackRock Liquidity Fund	Platform	01/06/19	-	31/05/20	N/A
BNY Mellon	Newton Real Return Fund	Platform	01/06/19	-	31/05/20	?
Columbia Threadneedle	Threadneedle Pensions Property Fund	Platform	01/06/19	-	31/05/20	N/A
Invesco	Invesco GTR Pension Fund	Platform	01/06/19	-	31/05/20	?
LGIM	LGIM >5yrs Index Linked	Platform	01/06/19	-	31/05/20	N/A
LGIM	LGIM Ethical UK Equity Index	Platform	01/06/19	-	31/05/20	ISS
LGIM	LGIM Global Equity Fixed Weights 50/50 Index	Platform	01/06/19	-	31/05/20	ISS
LGIM	LGIM Managed Property Fund	Platform	31/05/19	-	20/11/19	N/A
LGIM	LGIM Over 15 Year Gilts Index	Platform	01/06/19	-	31/05/20	N/A
LGIM	LGIM UK Equity Index Fund	Platform	01/06/19	-	31/05/20	ISS
LGIM	LGIM Under 15 Year Index Linked Gilts Index Fund	Platform	01/06/19	-	31/05/20	N/A
LGIM	LGIM Corporate Bond - All Stocks Fund	Platform	01/06/19	-	31/05/20	N/A
Majedie	LF Majedie UK Equity Fund	Platform	01/06/19	-	31/05/20	?
MFS	MFS Meridian Global Equity Fund	Platform	01/06/19	-	31/05/20	?

? Not confirmed by Manager N/A = not applicable

ISS is a proxy voting service.

Exercise of voting rights

The voting activity was requested by Minerva from all of the Plan's managers, where appropriate, namely Blackrock, LGIM, BNY Mellon, Invesco, Majedie and MFS. It was determined that such a request was not appropriate for Columbia Threadneedle. Information was obtained from Blackrock and LGIM but unfortunately no information was forthcoming from BNY Mellon, Invesco, Majedie and MFS. Please see section on 'Outstanding Information' for further details.

Based on data obtained from Blackrock, Minerva concluded that although the manager's remuneration and audit and reporting policies have some minor areas of divergence from good practice, Minerva believe BlackRock's voting activity has followed their own voting policy and that BlackRock's voting policies are aligned with the Trustee's own policies.

Due to a lack of detailed voting records from LGIM. Minerva has been unable to undertake an assessment on the extent to which LGIM's voting activity has followed their own voting policy (and by extension, the Trustee's policy). However, Minerva were able to conclude that LGIM's voting policies and disclosure broadly comply with the ICGN Voting Guidelines Principles and good corporate governance practices.

Manager Voting Behaviour

The Trustee believes that responsible oversight of investee companies is a fundamental duty of good stewardship. As such, it expects the Plan's managers to vote at the majority of investee company meetings every year, and to provide sufficient information as to allow for the independent assessment of their voting activity.

The table below sets out the voting behaviour of each manager where disclosed by the manager.

Manager	Fund	No. of Meetings	No. of Resolutions				
		Eligible for Voting	Eligible for Voting	% Eligible Voted	% Voted in Favour	% of Voted Against	% Abstain
BlackRock	BlackRock Diversified Growth Fund	971	11,900	97.2%	90.1%	5.9%	1.1%
LGIM	LGIM UK Equity Index Fund	846	11,859	99.6%	93.6%	6.4%	0%

Significant Votes

A 'Significant Vote' relates to any resolution at a company that meets one of the following criteria:

- contradicts local market best practice (e.g. the UK Corporate Governance Code in the UK);
- is one proposed by shareholders that attracts at least 20% support from investors; and
- attracts over 10% dissenting votes from shareholders.

Where the manager has not provided the level of data to identify the 'Significant Votes' based on the criteria explained above, Minerva has applied the definition provided by the managers themselves.

Manager	Fund	Company Name	Date of Vote	Summary of Resolution	For / Against / Abstain	Outcome of Vote	Why Significant?	Vote Rationale
BlackRock	BlackRock Dynamic Diversified Growth Fund	Qualcomm Inc	10/03/2020	To elect to the Board of Directors: Harish Manwani	Against	Passed	Manager identification	Based on analysis and engagement with the Company. BlackRock believes that company is not effectively addressing a material issue and voted against the election of the longest-tenured compensation committee member, Harish Manwani.
		Qualcomm Inc	10/03/2020	To approve, on an advisory basis, executive compensation.	Against	Defeated	Manager identification	
		Walt Disney	11/03/2020	To approve an advisory vote on the remuneration of the Company's named executive officers	For	Passed	Manager identification	Where companies are making progress on key corporate governance issues, BlackRock will generally support the board and management in those efforts. BlackRock determined that The Walt Disney Company's current level of disclosure is in line with the best practices detailed in BIS' commentaries on executive compensation and on corporate political activities.
		Walt Disney	11/03/2020	To request the Board to prepare a report to shareholders on lobbying	Against	Defeated	Manager identification	
		Siemens AG	05/02/2020	Discharge Resolutions	For	Passed	Manager identification	BlackRock's view is that this is a management team that has performed in shareholders' long-term interests.
LGIM	Only manager-level 'Significant Vote' information provided (i.e. was not provided on an individual fund basis)	FirstGroup plc	25/06/2019	Remove Wolfhart Hauser as Director	For	Defeated	Manager identification	Legal & General decided to cast a vote against the board chair to signal their concerns around the pace of execution of the strategy and poor performance. Legal & General supported the rest of the board and opposed the activist's nominees.

Engagement Information

The Trustee believes that an important part of responsible oversight is for the Plan's investment managers to engage with the senior management of investee companies on any perceived risks or shortcomings – both financial and non-financial – relating to the operation of the business, with a specific focus on ESG factors. As such, they expect the Plan's managers to engage with investee companies where they have identified any such issues.

The table below summarises the engagement activity of the managers that provided information.

			Summary of Company Engagement Activity									Outcomes	
			Corporate Governance							Sustainability			
			Manager	Fund	No.	Strategy	Audit & Report.	Board	Capital	Corp. Action	Remun	Shrhdr Rights	Envir.
BlackRock	BlackRock Dynamic Diversified Growth Fund	622	36%	22%	54%	21%	10%	44%	21%	40%	32%	?	?
Legal & General	Firm-level data only	739	13%	2%	19%	3%	3%	28%	2%	34%	37%	?	?
Columbia Threadneedle	Threadneedle Pensions Property Fund	2	0%	0%	0%	0%	0%	0%	0%	50%	50%	100%	0%

⚠ Not confirmed by Manager

Outstanding Information

This section sets out the status of outstanding information Minerva have requested.

Fund / Product Manager	Investment Fund/Product	Information Request Acknowledged	Voting Info Available?	Engagement Info Available	Info Rec'd by Minerva Deadline
BlackRock	Aquila Life <5 Yr Index Linked Gilt	✗	✓	✓	✗
BlackRock	Aquila Life MSCI World Fund	✗	?	?	✗
BlackRock	BlackRock Absolute Return Bond Fund	✗	?	?	✗
BlackRock	BlackRock Diversified Growth Fund	✗	✓	✓	✗
BlackRock	BlackRock Liquidity Fund	✗	✓	✓	✗
BNY Mellon	Newton Real Return Fund	✗	?	?	✗
Columbia Threadneedle	Threadneedle Pensions Property Fund	✗	✓	✓	✗
Invesco	Invesco GTR Pension Fund	✗	?	?	✗
LGIM	LGIM >5yrs Index Linked	✗	✓	✓	✗
LGIM	LGIM Ethical UK Equity Index	✗	?	?	✗
LGIM	LGIM Global Equity Fixed Weights 50/50 Index	✗	?	?	✗
LGIM	LGIM Managed Property Fund	✗	?	?	✗
LGIM	LGIM Over 15 Year Gilts Index	✗	✓	✓	✗
LGIM	LGIM UK Equity Index Fund	✗	✓	✓	✗
LGIM	LGIM Under 15 Year Index Linked Gilts Index Fund	✗	✓	✓	✗
LGIM	LGIM Corporate Bond - All Stocks Fund	✗	✓	✓	✗
Majedie	LF Majedie UK Equity Fund	✗	?	?	✗
MFS	MFS Meridian Global Equity Fund	✗	?	?	✗

✓ Positive response
 ⚠ Partial response
 ✗ Negative response
 ? Not confirmed by Manager
 ✓ No VEI information to report

Minerva is continuing to engage with the relevant managers on the identification and provision of any missing VEI information, and will provide the Plan with an update as soon as all of the managers have formally reported back, and any information provided has then been analysed.

Conclusion

This statement has shown there is only partial information available from many of the managers. The Trustee will seek any outstanding information and will agree a way forward on any actions identified by Minerva once this information is available.

With the help of its investment consultant the Trustee will also engage with managers for asset classes such as bonds to see if any engagement information can be provided going forward.

Compliance with SIP policies

SIP Review and Changes during the Plan Year

The Trustee reviewed and updated the SIP during the year to take account of the requirements on clarifying and strengthening trustee duties that came into force on 1 October 2019. The 2019 SIP was signed in September 2019.

The Trustee set out the following:

- how it takes account of financially material considerations over the appropriate time horizon of the investments, including those arising from Environmental, Social and Governance ('ESG') considerations, including climate change;
- its policies in relation to the stewardship of the investments, including engagement with investee firms and the exercise of the voting rights associated with the investment; and
- the Trustee decided not to set a policy on non-financial matters in the selection, retention and realisation of investments. However, the Trustee has made an Ethical fund available to members who would like to invest in a fund with these specific considerations. Whilst the Trustee believes it looks out for the best interest of the members, it has not yet explicitly taken into account the member views on ESG or ethical views.

In accordance with further new regulations effective 1 October 2020, the SIP was subsequently updated in September 2020 to build on the requirements that were introduced in 2019. This was done after the Plan year end and will be addressed in next year's statement. The latest SIP can be found here: [Oracle UK Pension Plan \(myoraclepension.com\)](https://myoraclepension.com)

How the SIP has been followed over the year

The Trustee is of the opinion that the SIP has been followed over the Plan year as detailed below:

- The Trustee updated the SIP over the Plan year as detailed above. During the year and as part of this update the Trustee received training and reviewed their policies on ESG and Stewardship.

Section 1 - DC Plan with a DB Underpin

- The Trustee's overall investment policy in respect of Section 1 is to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. The asset allocation strategy the Trustee has selected is designed to balance investing to meet the likely benefit obligation, taking into account the DB underpin, with investing to maximise members' benefits. The Trustee believes that this policy has been followed over the Plan year and continues to monitor this. The Trustee is happy with the expected level of return from its asset allocation and fund selection.
- Section 1 is made up of Employer Core, Member Core and Non-Core subsections. Trustee decisions over the Plan year have affected the subsections differently.
- The Employer Core subsection is invested in the Oracle Diversified Growth Fund (no investment choices available) and no changes were made to this offering over the Plan year as the Trustee deemed this was suitable to achieve their target return.
- The Member Core subsection is invested in the Oracle Diversified Growth Fund by default but members can choose alternatives from a full range of investment options. Changes to the alternative options which affect the Member Core and Non-Core subsections included:

- The Oracle Lifestyle Growth Fund, the Oracle Active Bond Fund and the Invesco Perpetual Global Target Return Fund were added to the member choices. Some of these funds are white labelled funds and therefore we have analysed the underlying investment managers and funds for the purpose of this exercise.
 - The Newton Real Return Fund can no longer be accessed by members who do not have existing holdings in this fund as a result of reduced confidence in the ability of the fund being able to perform in line with its objectives. The Trustee moved members invested in the LGIM Property Fund to the Threadneedle Property Fund in November 2019 as a result of concerns about the performance and management of the actively managed LGIM Property Fund.
- Trustee decisions affecting the Non-Core subsection only included:
 - Changes to the composition of the self select lifestyle strategies including the Cash Lifestyle Strategy, the Drawdown Lifestyle Strategy and the Annuity Lifestyle Strategy were made.
- The Trustee monitors the performance of the investment managers against its aims and objectives on a quarterly basis. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

Section 2 - pure DC

- The Trustee's investment policy in relation to the DC section is to offer a range of strategies appropriate for members to meet their investment objectives, The Trustee provides a range of investments that are suitable for meeting members' long and short-term investment objectives. It has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement
- The Trustee reviewed the DC default strategy and the self select funds and strategies in June 2019. The following changes were implemented:
 - The Oracle Lifestyle Growth Fund, the Oracle Active Bond Fund and the Invesco Perpetual Global Target Return Fund were added to the member choices. Some of these funds are white labelled funds and therefore we have analysed the underlying investment managers and funds for the purpose of this exercise.
 - The Newton Real Return Fund can no longer be accessed by members who do not have existing holdings in this fund as a result of reduced confidence in the ability of the fund being able to perform in line with its objectives.
 - The Trustee moved members invested in the LGIM Property Fund to the Threadneedle Property Fund in November 2019 as a result of concerns about the performance and management of the actively managed LGIM Property Fund.
 - Changes to the composition of the self select lifestyle strategies including the Cash Lifestyle Strategy, the Drawdown Lifestyle Strategy and the Annuity Lifestyle Strategy were made.
- The Trustee implemented the findings of its last investment strategy review from July 2019 through to November 2019. It therefore believes it has met the objective of offering a suitable range of strategies and its responsibility for ensuring that members have high quality funds to invest in.
- The Trustee monitors the performance of the default arrangement against its aims and objectives on a quarterly basis. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

Independent Auditor's Report to the Trustee of The Oracle UK Pension Plan

Opinion

We have audited the financial statements of The Oracle UK Pension Plan for the year ended 31 May 2020 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 May 2020 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identifiable material uncertainties that may cast significant doubt about the Plan's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditor's Report (Cont)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement in the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Trustee's Responsibilities Statement set out on page 7, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Plan or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Plan's Trustee, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan and the Plan's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date:

Summary of Contributions payable in the year

During the year, the contributions payable to the Plan by the Employer under the Schedule of Contributions were as follows:

	£
Employer deficit funding contributions paid during the year	9,999,996
Employer deficit funding contributions deferred	5,000,004
Contributions payable under the Schedule of Contributions and per note 4 to the financial statements	<u>15,000,000</u>

A deferral of contributions has been agreed between the Plan and the Employer. The balance due for the year was £15m along with the brought forward deferred balance of £6,733,335. From January 2019 a new Schedule of Contributions required monthly payments of £833,333 to be made against these amount by the Employer resulting in a year end deferred amount of £11,733,331. These monthly payments are continuing to be paid post year end.

Signed on behalf of the Trustee:

Director of Dalriada Trustees Limited

Date: _____

Independent Auditor's Statement about Contributions

under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of The Oracle UK Pension Plan

Qualified statement about contributions payable under schedule of contributions

We have examined the summary of contributions payable to The Oracle UK Pension Plan on page 59, in respect of the Plan year ended 31 May 2020.

In our opinion contributions for the Plan year ended 31 May 2020, as reported in the Summary of Contributions on page 59 and payable under the Schedule of Contributions, have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 10 May 2019 with the exception of for those matters noted below..

Basis for qualified statement about contributions payable under the Schedule of Contributions

As noted in the Summary of Contributions, the Trustee agreed to defer the employer deficit contribution of £15 million which was due in one lump sum payment from the Escrow account by 12 October 2019, being 60 days after the actuarial calculation was completed in accordance with the Schedule of Contributions. This balance was not paid by 12 October 2019. Monthly payments of £833,333 were made against this amount from January 2019 onwards and therefore the outstanding amount at 31 May 2020 was £11.7m.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 59 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully on page 7 in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Independent Auditor's Statement about Contributions (Cont)

Use of our statement

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan and the Plan's Trustee for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date:

The Financial Statements

Fund Account

for the year ended 31 May 2020

	Note	31 May 2020		31 May 2019
		Final salary section underpin reserve £	Money purchase section £	Total £
Contributions and benefits				
Employer contributions		15,000,000	-	15,000,000
Total contributions	4	15,000,000	-	15,000,000
Benefits paid or payable	5	(1,908,802)	(2,619,448)	(4,528,250)
Payments to and on account of leavers	6	(1,626,807)	(2,867,393)	(4,494,200)
Administrative expenses	7	(24,262)	(387)	(24,649)
		(3,559,871)	(5,487,228)	(9,047,099)
Net increase / (withdrawal) from dealings with members		11,440,129	(5,487,228)	5,952,901
Returns on investments				
Investment income	8	4,589	2,274	6,863
Change in market value of investments	9	2,355,810	16,567,463	18,923,273
Net returns on investments		2,360,399	16,569,737	18,930,136
Net increase in the fund during the year		13,800,528	11,082,509	24,883,037
Transfers between sections	17	4,231,777	(4,231,777)	-
Net assets of the Plan				
At 1 June		47,397,835	355,965,672	403,363,507
At 31 May		65,430,140	362,816,404	428,246,544

The notes on pages 64 to 73 form part of these financial statements.

Statement of Net Assets

available for benefits as at 31 May 2020

	Note	31 May 2020		31 May 2019	
		Final salary section underpin reserve £	Money purchase section £	Total £	Total £
Investment assets:					
Pooled investment vehicles	11	52,378,707	362,509,182	414,887,889	395,524,150
Cash	9	-	150,927	150,927	937,202
Total net investments		52,378,707	362,660,109	415,038,816	396,461,352
Current assets	15	13,053,850	754,105	13,807,955	7,291,389
Current liabilities	16	(2,417)	(597,810)	(600,227)	(389,234)
Net assets of the Plan at 31 May available for benefits		65,430,140	362,816,404	428,246,544	403,363,507

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Plan, which takes into account such obligations for the final salary section, is dealt with in the Report on Actuarial Liabilities on pages 8 to 9 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 64 to 73 form part of these financial statements.

These financial statements were approved by the Trustee and authorised for issue on

Date: _____

Signed on behalf of the Trustee:

Director of Dalriada Trustees Limited

Notes to the Financial Statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (revised 2018).

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements, although it has required certain additions to or amendments of disclosures in the financial statements.

The financial statements as at 31 May 2020 have been prepared on a going concern basis of accounting as in the opinion of the Trustee, with the Oracle Corporation guarantee in place, no material uncertainty exists that may cast doubt on the Scheme's ability to continue as a going concern. In reaching this conclusion the Trustee has considered funding and operational matters and the position of the Employer and believe the Employer and its parent to be in a sufficiently strong position to provide such a guarantee.

2. Identification of the financial statements

The Oracle UK Pension Plan is a money purchase scheme (subject to a Pensions Underpin) registered under Chapter 2 of Part 4 of the Finance Act 2004.

The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustee's Report.

3. Accounting policies

The principal accounting policies of the Plan which are applied consistently are as follows:

Currency

- The Plan's functional and presentational currency is pounds sterling.

Contributions

- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier.

Payments to members

- Pensions in payment are accounted for in the period to which they relate.
- Benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
- Individual transfers in or out of the Plan are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

Expenses

- Expenses (when agreed to be paid by the Trustee) are accounted for on an accruals basis.

Investment income

- Income from cash and short term deposits is accounted for on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles is reinvested within the pooled investment vehicles and reflected in the unit price. Thus, it is reported within "Change in market value".

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Unitised pooled investment vehicles have been valued at the latest available single price provided by the pooled investment manager.

Transfers between sections

- Transfers between sections can arise when members' funds are transferred to pay pensions from the final salary section underpin reserve. Members' funds are also transferred from the final salary section underpin reserve to the money purchase section when a member opts to transfer out of the Plan.

Notes to the Financial Statements (Cont)

4. Contributions

	Final salary section underpin reserve	2020 Money purchase section	Total
	£	£	£
Employer contributions			
Deficit funding	15,000,000	-	15,000,000
2019			
Employer contributions			
Deficit funding	10,900,000	-	10,900,000

Under the terms of the actuarial valuation at 31 May 2019, an annual check is carried out to ensure that the Trustee Reserve Account could be expected to be able to meet demands on it over the following three years. The check is carried out each 31 May. If the Plan is in deficit (including the amount in the Escrow account) the contributions must continue to be paid in each month. The annual checks resulted in the contributions of £10,900,000 in 2019 and £15,000,000 in 2020.

A deferral of contributions has been agreed between the Plan and the Employer in that part of the annual contribution of the required amount, £15m (2019: £10.9m), has been deferred. From January 2019 a new Schedule of Contributions required monthly payments of £833,333 to be made against this amount by the Employer. At the year end, the total deferred amount was £11,733,331.

5. Benefits paid or payable

	Final salary section underpin reserve	2020 Money purchase section	Total
	£	£	£
Pensions	1,697,719	-	1,697,719
Commutation of pensions and lump sum retirement benefits	211,083	1,701,929	1,913,012
Purchase of annuities on retirement	-	394,596	394,596
Lump sum death benefits	-	522,923	522,923
	1,908,802	2,619,448	4,528,250
2019			
Pensions	1,326,605	-	1,326,605
Commutation of pensions and lump sum retirement benefits	88,429	2,188,779	2,277,208
Purchase of annuities on retirement	-	1,327,528	1,327,528
Lump sum death benefits	-	322,949	322,949
	1,415,034	3,839,256	5,254,290

Money purchase benefits payable on retirement or death are paid from and disclosed under the appropriate section above. If a top-up from the Final Salary underpin reserve has been required for those members in receipt of a benefit on death or retirement with Section 1 contributions, this is paid from the Final Salary underpin reserve and has therefore been disclosed under this section.

Notes to the Financial Statements (Cont)

6. Payments to and on account of leavers

	Final salary section underpin reserve	2020 Money purchase section	Total
	£	£	£
Individual transfers to other schemes	1,626,807	2,867,393	4,494,200
2019			
Individual transfers to other schemes	3,232,821	9,343,332	12,576,153

7. Administrative expenses

	Final salary section underpin reserve	2020 Money purchase section	Total
	£	£	£
Levies	23,297	-	23,297
Bank charges	965	387	1352
	24,262	387	24,649
2019			
Administration and processing	733	-	733
Levies	-	-	-
Employer covenant fees	10,800	-	10,800
Bank charges	1,049	592	1,641
	12,582	592	13,174

In line with the Schedule of Contributions the Trustee has agreed certain fees which are in isolation under £30,000 will be paid by the Plan, subject to a total of expenses paid since 31 May 2016 being less than £200,000 in aggregate.

All other administrative expenses are met by the Sponsoring Employer.

Notes to the Financial Statements (Cont)

8. Investment income

	Final salary section underpin reserve	2020 Money purchase section	Total
	£	£	£
Interest on cash deposits	4,589	2,274	6,863
		2019	
Interest on cash deposits	2,377	4,931	7,308

9. Reconciliation of investments

	Value at 31 May 2019 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 May 2020 £
Not allocated to members					
Final salary section underpin reserve					
Pooled investment vehicles					
-Trustee Reserve account	4,340,175	10,457,146	(6,147,393)	236,323	8,886,251
-Pensioner Reserve account	35,074,981	8,156,326	(1,858,338)	2,119,487	43,492,456
	39,415,156	18,613,472	(8,005,731)	2,355,810	52,378,707
Cash in transit	890,533				-
	40,305,689				52,378,707
Allocated to members					
Money purchase section					
Pooled investment vehicles	356,108,994	99,293,524	(109,460,799)	16,567,463	362,509,182
Cash in transit	46,669				150,927
	356,155,663				362,660,109

Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect costs is not separately provided to the Plan.

The money purchase section investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Plan administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

Money purchase assets are allocated to members and the Trustee as follows:

	2020 £	2019 £
Members	362,509,182	356,155,663
Trustee	-	-
	362,509,182	356,155,663

Notes to the Financial Statements (Cont)

10. Taxation

The Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

11. Pooled investment vehicles

The Plan's investments in pooled investment vehicles at the year-end comprised:

	2020	2019
	£	£
Final salary section underpin reserve		
Multi-asset	52,378,707	39,415,156
	<u>52,378,707</u>	<u>39,415,156</u>
Money purchase section		
Equities	14,738,127	31,924,839
Bonds	8,060,850	4,788,403
Multi-asset	330,747,959	309,006,466
Property	1,154,423	1,444,189
Cash	7,807,823	8,945,097
	<u>362,509,182</u>	<u>356,108,994</u>

The multi-asset funds hold a variety of investments including equities, bonds, derivatives and commodities.

The pooled investment vehicles are unrated, however all of the underlying investments are considered to be investment grade.

12. Fair value determination

The fair value of financial instruments has been estimated using the following fair value determination:

- Level 1: The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Plan's investment assets have been fair valued using the above determination levels as follows:

	As at 31 May 2020			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Final salary section underpin reserve				
Pooled investment vehicles	-	52,378,707	-	52,378,707
Cash	-	-	-	-
Money purchase section				
Pooled investment vehicles	-	362,509,182	-	362,509,182
Cash	150,927	-	-	150,927
	<u>150,927</u>	<u>414,887,889</u>	<u>-</u>	<u>415,038,816</u>

Notes to the Financial Statements (Cont)

12. Fair value determination (Cont)

	As at 31 May 2019			Total £
	Level 1 £	Level 2 £	Level 3 £	
Final salary section underpin reserve				
Pooled investment vehicles	-	39,415,156	-	39,415,156
Cash	890,533	-	-	890,533
Money purchase section				
Pooled investment vehicles	-	356,108,994	-	356,108,994
Cash	46,669	-	-	46,669
	937,202	395,524,150	-	396,461,352

13. Investment risk disclosures

Investment risks

FRS102 requires the disclosure of information in relation to certain investment risks as follows:

- Credit risk – one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Market risk – comprises the following three types of risk:
 1. Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates
 2. Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates
 3. Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

Summary of risk exposures

The table below sets out the risk exposure of the investments in the Plan:

Category	Credit risk	Currency	Interest rate	Other price	2020 Value	2019 Value
Pooled investment vehicles						
Direct	●	○	○	●	£414,887,888	£395,524,149
Indirect	●	●	●	●		
Total Investments					£414,887,888	£395,524,149

Source: Phoenix Corporate Investment Services

In the above table, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly / not at all.

Notes to the Financial Statements (Cont)

13. Investment risk disclosures (Cont)

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out in the SIP which can be found on page 26.

Measuring and Managing

Note that, in the case of market risk, the Trustee makes the distinction between risks that arise from interest rate exposure, currency and credit exposure and other price risk, as well as the distinction between direct and indirect risks.

Credit Risk

Credit Risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Direct credit risk exists through investment in pooled investment vehicles given the possibility that the respective managers could fail to meet their financial obligations to investors in their pooled funds.

However, these risks are mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the UK regulatory environment in which they operate and diversification across a number of pooled arrangements. The Trustee carries out due diligence checks on the appointments of new pooled investment managers and receives advice on any changes to the operating environment of the pooled manager.

Indirect credit risk exists through the credit exposure of the underlying securities within the pooled funds. The objective of taking on indirect credit exposure within the pooled funds is to obtain a higher expected return than would be obtained from investing solely in government bonds or secured overnight borrowing.

The credit risk is managed by ensuring that guidelines are in place for the investment manager to ensure an appropriate overall level credit quality and diversification of issuers and counterparties commensurate with the objectives of the investment.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Although a proportion of the underlying assets are held in overseas currencies, the pooled funds are denominated in sterling. The investment in overseas equities and bonds is designed to increase the number of securities that can be considered for inclusion in the portfolio and thereby improve the risk/reward and diversification characteristics of this investment. The Trustee is satisfied that the expected benefits from allowing members of the Plan to invest in overseas securities compensates for the associated currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Changes in market interest rates will directly affect the fair value of the member's holdings in fixed income securities held through pooled investment vehicles. The objective of holding these instruments is to help the members' funds to be better matched to changes in annuity prices.

Other Price Risk

All investments are subject to idiosyncratic price risks that arise from factors affecting that asset class or individual investment in addition to credit risk, currency risk and interest rate risk.

Before investing in any asset class or entrusting the assets in the Plan to a particular manager, the Trustee takes advice on the risks involved both on a quantitative and qualitative basis from their investment consultant.

The purpose of accepting these risks is to ensure that, when considered as a whole, the Plan members have access to a suitably diversified portfolio in terms of the type of risk taken and the sources of expected future returns.

These risks are managed by ensuring that the portfolio is well diversified both across asset classes and within each individual asset class. In addition, the Trustee takes advice from their investment consultant as to the continuing suitability of the asset classes and managers in which members invest.

Notes to the Financial Statements (Cont)

14. Concentration of investments

The following investments each account for more than 5% of the Plan's net assets at the year-end:

	2020		2019	
	£	%	£	%
AXA Oracle Diversified Growth FDS	234,702,157	54.8	233,933,955	58.0
AXA Oracle Global Equity Fund	43,492,455	10.2	35,074,980	8.7
Oracle Lifestyle Growth Fund	87,125,814	20.3	-	-
Newton Real Return Fund	5,735,464	1.4	41,581,216	10.3
BlackRock Diversified Growth Fund	3,184,524	0.8	37,831,470	9.4

15. Current assets

	Final salary section underpin reserve	2020 Money purchase section	Total
	£	£	£
Employer contributions due	11,733,331	-	11,733,331
Cash balances	1,320,519	754,105	2,074,624
	13,053,850	754,105	13,807,955
2019			
Employer contributions due	6,733,335	-	6,733,335
Cash balances	255,106	199,243	454,349
Prepayments	103,705	-	103,705
	7,092,146	199,243	7,291,389

Included in the money purchase section bank balance is £2,426 (2019: £539) which is not allocated to members.

A deferral of contributions has been agreed between the Plan and the Employer. The balance due for the year was £15m along with the brought forward deferred balance of £6,733,335. From January 2019 a new Schedule of Contributions required monthly payments of £833,333 to be made against these amount by the Employer resulting in a year end deferred amount of £11,733,331. These monthly payments are continuing to be paid post year end.

Notes to the Financial Statements (Cont)

16. Current liabilities

	Final salary section underpin reserve	2020 Money purchase section	Total
	£	£	£
Unpaid benefits	(2,417)	(597,810)	(600,227)
	(2,417)	(597,810)	(600,227)
2019			
Unpaid benefits	-	(389,234)	(389,234)
	-	(389,234)	(389,234)

17. Transfers between sections

	2020	
	Final salary section underpin reserve	Money purchase section
	£	£
Reclassification of assets	4,784,109	(4,784,109)
2019		
Reclassification of assets	4,503,490	(4,503,490)

Transfers between sections can arise when members' funds are transferred to pay pensions from the final salary section underpin reserve.

18. Related party transactions

Oracle Corporation UK Limited provides certain administration and other services to the Plan for which no charge is made. The Employer pays contributions to the Plan as disclosed in Note 4. In addition, the Employer pays certain administrative fees in respect of the Plan as disclosed in note 7.

Fees paid to Dalriada Trustees Limited (who are key management personnel) by the Employer totalled £52,924 (2019: £81,337).

The above transactions were made in accordance with the Plan Rules.

A guarantee has been agreed between the Trustee and the Oracle Corporation (the parent company of the Sponsoring Employer) to meet liabilities that may arise (up to a maximum of £800 million).

19. Employer-related investments

There were no direct employer-related investments at the year-end. Any potential indirect employer-related investment through pooled investment vehicles is unintentional and would represent less than 0.1% of Plan net assets.

Notes to the Financial Statements (Cont)

20. Contingent liabilities

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The Trustee of the Plan are aware that the issue will affect the Plan and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

21. COVID-19

From March 2020, there has been a dramatic downturn in global markets as a result of the Coronavirus (COVID-19) pandemic. The pandemic has led to a significant downturn in asset valuations during the Plan year which have recovered towards the year end. The Trustee is monitoring the situation closely and liaising regularly with its investment and other advisors to consider any necessary actions for the investment strategy and other operational matters.

Certificate of Adequacy of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected, on 31 May 2016, to be met by the end of the period specified in the Recovery Plan dated 25 July 2017.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 25 July 2017.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Schedule of Contributions

THE ORACLE UK PENSION PLAN

Schedule of contributions

Status

This Schedule of Contributions has been prepared by the Trustees of the Oracle UK Pension Plan (the Plan) after obtaining the advice of the Scheme Actuary appointed by the Trustees.

This document follows the actuarial valuation of the Plan as at 31 May 2016, which revealed a funding shortfall (technical provisions minus value of assets) of £165.5m. It has been agreed by the sponsoring employer, Oracle Corporation UK Limited (the Employer).

This schedule replaces the existing Schedule of Contributions dated 25 July 2017, with future revisions taking place as part of the 31 May 2019 actuarial valuation.

Employer contributions

Accrual

The Pensions Underpin ceased accruing with effect from 31 May 2004, and future accrual of benefits (including death benefits) ceased with effect from 31 December 2010. Therefore there are no contributions in respect of future service.

If additional defined contribution benefits are provided in future, supplementary employer contributions will be payable as agreed with the Trustees and/or affected members.

Expenses

The Employer will pay the expenses of running the Plan directly, including any levies payable to the Pension Protection Fund or the Pensions Regulator with the following exceptions:

- The Trustees may determine that any expenses which are in isolation under £30,000 will be paid directly from the Plan subject to the total of such expenses paid since 31 May 2016 being less than £200,000 in aggregate
- The Trustees may determine that any annual management charges in respect of assets held within the Escrow Account will be paid directly from the Plan, if such charges cannot be paid from the Escrow Account directly

Augmentations

If any augmentations are made, supplementary employer contributions will be payable equal to the cost as advised to the Trustees by the Scheme Actuary.

Contributions to the Section 1 Underpin Reserve account

The Section 1 Underpin Reserve (the Underpin Reserve) is made up of the following:

- a. Pensioner Reserve Fund (PRF): The PRF is an investment fund used to back the liabilities for Pensioners. It is intended that the value of the PRF, plus any amount in the Underpin Reserve bank account, is equal in value to the liabilities for Pensioners assessed using the Cash Equivalent Transfer Value (CETV) assumptions in place as at the assessment date.
- b. Trustee Reserve Account (TRA): The TRA is an investment fund used to fund the difference in value between a member's Notional Account and the value of the member's Pensions Underpin at the time the

Pensions Underpin is applied. This may be as a result of the member retiring with a pension from the Plan, transferring out of the Plan or passing away.

- c. The Underpin Reserve bank account and net current assets (NCA).

An annual check as at 31 May of each year will be carried out to ensure that the Underpin Reserve account is expected to be able to provide the benefits of current pensioners in future and to meet demands as a result of transfers out and retirements over the following three years. In the Funding Deed dated 28 May 2015 and in this Statement, this amount is defined as a "Required Amount".

As at 31 May of each year a calculation will be made of the following amount:

1. The value of all pensions in payment as at the assessment date. This will be calculated using the CETV assumptions in force as at the assessment date. Different assumptions may be used for this calculation if the Trustees and Employer agree.

PLUS

2. The expected shortfall as at the assessment date on the Underpin Reserve due to retirement at or after Normal Retirement Age (NRA) during the next 3 years. This will be based on members expected to reach NRA in the following 3 years and members already over NRA at the assessment date, using the CETV assumptions in force as at the assessment date. For these purposes all members over NRA will be assumed to retire immediately. Different assumptions may be used for this calculation if the Trustees and Employer agree.

PLUS

3. Expected demands due to early retirements and transfers out in the next 3 years. For the purposes of this test, the demands due to early retirements and transfers out over the following 3 years will be assumed to be equal in value to the demands due to transfers out in the 3 years prior to the assessment date.

PLUS

4. Any additional demands on the Underpin Reserve in the next 3 years. This will be calculated as the total of any expected additional demands on the Underpin Reserve over the following 3 years, which the Trustees have agreed with the Employer as at the assessment date.

LESS

5. Expected returns on the TRA in the 3 years following the assessment date. The assumed rate of return for this calculation will be set equal to the pre-retirement asset return that is in line with the CETV assumptions as at the assessment date. Different assumptions may be used for this calculation if the Trustees and Employer agree.

LESS

6. The value of the Underpin Reserve as at the assessment date.

LESS

7. The present value of any Required Amount due under any previous Underpin Reserve annual checks. This will be calculated as the present value of any Required Amount due under any previous Underpin Reserve annual checks which has not been paid into the Plan prior to the assessment date.

The resulting amount will be amortised over the following 3 years payable in advance, using the post retirement discount rate that is in line with the CETV assumptions as at the assessment date. Each annual instalment is referred to in this statement and in the Funding Deed as a "Required Amount Instalment" and will be paid in accordance with the terms of the Funding Deed.

The Required Amount calculation will be set to a minimum of zero, in which case no funding is required to the Underpin Reserve.

The Required Amount will be calculated by the Scheme Actuary and the Employer will be notified of the amount payable if any. From the date of notification the Employer's actuary will have 20 business days to review the amount.

If by the end of 20 business days the Employer's actuary has agreed the amount payable, the amount payable will be due to be paid to the Plan no later than 40 business days after the end of the 20 business day period.

If at the end of 20 business days the Employer's actuary has not agreed the Required Amount payable, the lower of the Trustees' calculation of the Required Amount Instalment payable in the first year and the Employer's calculation of the amount payable in the first year will be due 40 business days after the end of the 20 business day period. The final amount payable in the first year in relation to the first Required Amount Instalment will then be agreed between the Trustees and the Employer, with any final payment due 40 business days after agreement has been reached. Payments of the Required Amount Instalments in subsequent years will be due on the anniversary of the date agreement has been reached and will be payable regardless of the results of subsequent annual checks, unless a new Schedule of Contributions is agreed in the meantime.

If there has been no delayed payment agreement between the Trustee and the Employer (see later section) then in the event of non or partial payment at the end of the above time periods, the Guarantee can be called upon for the payment outstanding, rather than the maximum amount of the Guarantee. The Trustees will first exhaust all other avenues before calling on the Guarantee.

Payments to escrow

The Employer and Trustees have agreed as part of the 2016 actuarial valuation that the Employer will continue to make payments in respect of the funding shortfall into an escrow arrangement until at least May 2025. Payments to the escrow will be made in monthly instalments of £833,333 with the first instalment under this schedule due by no later than 31 July 2017 (for the July 2017 instalment) and the last instalment due by the last business day in May 2035. The terms of the escrow arrangement are set out in the "Funding Deed in relation to the Escrow Arrangement" dated 28 May 2015 (the Funding Deed).

Unless agreed otherwise between the Trustees and Employer, payments falling due after May 2025 will be made direct to the Plan.

Note that payments due to or from the escrow can be reduced by the amount of any contributions that have been paid to the Plan directly by the Employer since the date of this Schedule, excluding those in respect of augmentations or made under the indemnity provisions in the Plan rules.

An actuarial report on developments affecting the Plan's technical provisions and funding level will be obtained annually between actuarial valuations. This check will be based on the Technical Provisions assumptions in the Statement of Funding Principles in force at the previous actuarial valuation date with market conditions updated to the effective date.

If an annual Actuarial Report reveals a surplus (taking into account the monies in the escrow), payments to the escrow arrangement may cease in accordance with the Funding Deed. If an update reveals a surplus in the Plan (excluding the monies in the escrow), then all the funds in the escrow may be returned to the Employer and the escrow may be wound up.

If an annual Actuarial Report reveals a deficit (taking into account the monies in the escrow), then the Employer will continue / resume making payments to the escrow arrangement.

Delaying payment of amounts due from the escrow account

With the agreement of the Trustee, the Employer can delay making a payment from the escrow account into the Plan. However if the amount in the TRA goes below £2m (as determined by the Trustees from the weekly updates

received from the investment manager) the Employer is required to authorise a transfer payment of £2m from the escrow account to the Plan within 10 working days of notification that a payment is required.

Final Test Date contribution from the escrow arrangement

The "Final Test Date" in the Funding Deed is 31 May 2025. In accordance with the Funding Deed, at the Final Test Date the Trustees may require the transfer of escrow monies to the Plan, up to a maximum of the deficit calculated using Technical Provisions assumptions as at that date. The Funding Deed contains further details regarding the nature and timing of the calculations at the Final Test Date.

This Schedule has been agreed by the Trustees and the Employer