

THE ORACLE UK PENSION PLAN

(Plan Registration Number 10176821)

ANNUAL REPORT FOR THE YEAR ENDED
31 MAY 2022

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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 2022.

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 on request. 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 (resigned 30 September 2022), RD Fogarty, AB Kennett, T Lukic, CJ Roberts, BD Spence, KS Stafford, V Vassou and CM Johnstone (resigned 29 April 2022). 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, which included Governance & Operations matters. In addition, investment meetings were held which included consultation with the employer to review the investment strategy.

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

Changes to Plan Rules

There have been 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	Isio Group Limited
Legal Advisers	Eversheds LLP
Administrator of the Plan Benefits	Barnett Waddingham LLP
Bankers	Lloyds Bank Plc
Employer Covenant Advisers	Cardano Advisory Limited
Secretary to the Trustee	N Lee – Oracle Corporation UK Limited

Changes in and other matters relating to Plan advisers

On 4 October 2021, Lincoln Pensions Limited changed their name to Cardano Advisory Limited.

There have been no other 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 decreased by £12,835,254 to £463,720,434 as at 31 May 2022. The decrease comprised of a net withdrawal from dealings with members of £135,738 together with a net decrease from the return on investments of £12,699,516.

Plan Audit

The financial statements on pages 22 to 34 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	499		
late notification (left (preserved pensioners))		(14)	
late notification (died)		(1)	
left (preserved pensioners)		(37)	
retired		(2)	
died		(1)	
		<hr/>	
		(55)	444
Preserved pensioners	4,303		
late notification (new (from in service preserved))		14	
new (from in service preserved)		37	
retired		(108)	
retired (trivial commutation)		(1)	
retired (small lump sum)		(1)	
transferred out		(38)	
died		(6)	
fund as flexible payment		(1)	
		<hr/>	
		(104)	4,199
Pensioners and dependants	446		
late notification (new dependants)		1	
new pensioners		110	
new dependants		2	
died		(1)	
		<hr/>	
		112	558
Grand total members	<hr/> 5,248		<hr/> 5,201

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 2022 was 3.1% (2021: 0.5%). 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.

Data Protection Act 2018 and General Data Protection Regulation

Under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 regulations, pension scheme trustees are classed as data controllers, with legal responsibility for compliance falling to them. Scheme Actuaries are also classed as data controllers (jointly with the trustees) in accordance with guidance issued by the Actuarial Profession. Barnett Waddingham LLP act as a data processor as the administrators of the Plan.

The Trustee has worked with its advisers to receive relevant training, and continues to do so to ensure continued compliance with data protection legislation.

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.

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 Trustee's Report (Cont)

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:

<https://www.thepensionsregulator.gov.uk/en/trustees/contributions-data-and-transfers/record-keeping>

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.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee has made changes for the current membership including making payments to pensioners where required. The financial implications will be taken into account when the actuarial valuation at 31 May 2022 is completed. The Trustee will be considering payments for members who have transferred their benefits to other providers at future meetings and decisions will be made as to the next steps. In March 2022, a payment was made to various members of the Plan as part of the GMP equalisation exercise to uplift current pensions and back-payment to current pensioners. A payment to uplift past transfers out is still being calculated and is outstanding at the date of signing these accounts, however the Trustees are satisfied that per initial estimates, the liability is not expected to be material. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, it is not possible to estimate the value of any such adjustments at this time.

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 preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions 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 is responsible for the maintenance and integrity of the pension and financial information included on The Oracle UK Pension Plan website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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. Please note the 31 May 2022 valuation is underway.

The results of the most recent valuation and interim updates as at 31 May 2020 and 31 May 2021 are as follows:

	31 May 2019	31 May 2020	31 May 2021
Assets	£285m	£309m	£351m
Technical Provisions	£593m	£675m	£623m
Surplus/(Deficit)	(£308m)	(£366m)	(£272m)
Funding level	48%	46%	56%

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.

The Trustee's Report (Cont)

Report on Actuarial Liabilities (Cont)

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.

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 22 to 34 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 next triennial valuation is scheduled for 31 May 2022.

The Trustee's Report (Cont)

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 Plan'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 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 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 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 of 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-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 Trustee's 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 75. 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 2022 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	86.1	47.6	9.1
Bonds	7.7	33.7	81.4
Cash	4.5	16.5	6.9
Other	1.7	2.2	2.6
Total	100.0	100.0	100.0

The Trustee's Report (Cont)

Review of investment performance

Performance of the Plan's funds to 31 May 2022 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 2022			
Fund	1-Year	3-Year (p.a.)	5-Year (p.a.)
Oracle Diversified Growth Fund	-2.8%	5.4%	4.7%
Oracle Active UK Equity	-1.1%	3.9%	1.2%
BlackRock Diversified Growth Fund	-4.9%	3.7%	3.3%
LGIM Corporate Bond All Stocks Index Fund	-10.1%	-1.5%	-0.2%
LGIM Ethical UK Equity Index Fund	9.3%	5.2%	4.4%
LGIM Global Equity Fixed Weights (50:50) Index Fund	5.4%	8.4%	6.2%
LGIM Over 15 Year Gilts Index Fund	-19.2%	-5.2%	-1.8%
LGIM UK Equity Index Fund	8.3%	5.8%	4.1%
MFS Meridian Global Equity Institutional Fund	1.3%	10.2%	8.5%
BNY Mellon Real Return Fund	-2.5%	4.9%	3.9%
Oracle Cash Fund	0.1%	0.2%	0.3%
Oracle Global Equity Fund	7.4%	13.0%	10.7%
Oracle Index Linked Gilt Fund	-6.7%	-1.1%	0.7%
Oracle Pensioner Reserve Fund	-5.9%	0.7%	1.6%
Threadneedle Pensions Property Fund	25.3%	6.6%	6.7%
Invesco Global Targeted Returns Fund	-4.3%	-	-
Oracle Active Bond Fund	-3.2%	-	-
Oracle Lifestyle Growth	-0.5%	-	-

Source: Phoenix Corporate Investment Services

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 Trustee's Report (Cont)

Market Commentary

Most asset classes delivered negative returns over the 12-month period to 31 May 2022, as global economic growth stalled amid a significant increase in inflation and rising interest rates. Global supply chain issues were the initial cause of an uptick in inflation, as the slow resumption of production and distribution could not meet the pace of restarting economies following Covid-19. This was then further exacerbated by significant disruption in energy and commodity pricing arising from Russia's invasion of Ukraine in 2022. In response, central banks in key global economies were forced to raise interest rates from historic lows, with corresponding recessionary fears seeing a sharp, partial reversal of the significant gains experienced in past years.

Global equity markets started the 12-month period strong, driven by strong corporate earnings across developed markets and high Covid-19 vaccination rates reducing the risk of further lockdown disruption. In September 2022, inflationary concerns began to grow due to the extent to which central banks were continuing to support local economies combined with increased expenditure. Furthermore, the emergence of the Omicron variant in November 2021 saw a volatile end to the year. Despite these threats, Q4 2022 was positive due to the absence of any further lockdowns and the central bank's reluctance to acknowledge the severity of inflationary fears. Investor risk sentiment over 2022 then detracted significantly as the economic impact of Russia's invasion of Ukraine, both key commodity suppliers, was felt globally, with inflation sharply increasing as a result. As expected, central banks raised interest rates, and thus the expectation of slowing global economic growth.

In fixed income markets, global corporate bonds, on average, delivered negative returns over the 12-month period, with high yield credit the exception. Over 2021, high yield credits generated strong positive returns, with investment grade also positive but to a lesser extent. In 2022 corporate bonds suffered significant negative returns, with the dual impact of rising base rates and the risk-off sentiment. Emerging Market Debt was more significantly impacted over the period by a strengthening US Dollar, and investor concerns over the Chinese debt crisis fuelled by issues with Chinese property developer, Evergrande. Government bond valuations fell over the period, with the exception of US Government Bonds due to their stronger performance early in the period relative to other key government bond markets.

Property markets were one of the few asset classes which performed positively over the 12-month period, as the lifting of Covid-19 restrictions saw rent collection recover and deferred rent from the pandemic now being repaid. Additionally, rental agreements linked to inflation have increased rental income for long lease funds. The industrial sector has been the strongest performer as e-commerce firms look to expand their logistics and warehouse portfolio. Towards the end of the period concerns surrounding inflation and thus higher interest rates may put downward pressure on future capital values, however, the time lag has yet to see this materialise.

Equity Market Commentary

Over the 12-month period, the MSCI All Country World Index returned -2.8% in local currency terms (+5.6% GBP hedged).

Global equity markets delivered strong returns at the beginning of the period. Most notably, the S&P 500 was at an all-time high at the end of June which was amplified by the strong performance of the US Dollar. All sectors performed well in the US, with the strongest being the energy and IT sectors.

During Q3 2021, global equity markets delivered marginal gains. US equities benefitted from strong corporate earnings; however, these were offset by initial fears surrounding inflation and economic growth in September 2021. This was compounded by the Fed announcing that they would commence a slowdown in asset purchases from November 2021. Crude oil price rises were a key contributor to UK equity performance, due to the sector bias to the oil and gas industry. Emerging markets suffered a sell-off in Chinese equities in response to the bankruptcy of real estate developer Evergrande, new regulatory actions announced by the Chinese government, and the possibility of power shortages slowing the production of key exports.

The Trustee's Report (Cont)

The fourth quarter of 2021 brought positive returns for developed market equities. Strong corporate earnings once again outweighed fears relating to the pace of US monetary tightening. In addition, resilience towards the Omicron Covid-19 variant contributed to increased investor confidence and strong equity returns – despite the increased volatility. US equities, in particular technology stocks, were the stronger performing region over the period.

2022 has seen a significant increase in market volatility as investors tried to ascertain the economic impact of Russia's invasion of Ukraine. Widespread sanctions on Russia, such as the ban on oil imports, caused the price of oil and gas to increase significantly. As expected, energy stocks were the strongest performers over the quarter, which saw the UK outperform other regions due to its sector bias toward energy stocks. Europe was the worst performing market due to the continent's reliance on oil and gas supply from Russia, in addition to its tight economic ties with Russia and Ukraine. Elsewhere, emerging markets underperformed for a consecutive quarter, with Chinese stocks delivering negative returns in response to China's strict Covid-19 policies, which brought tight lockdowns to major cities in China following a rise in infections.

Bond Market Commentary

Investment Grade ("IG") Credit & High Yield ("HY") Bonds

Investment grade credit generated positive returns over Q2 2021, following the improved macroeconomic outlook as Covid-19 restrictions were lifted globally. High Yield bonds continued to recover from their more pronounced market sell-off, amid the improving risk sentiment.

Corporate bonds delivered mixed performance in the second half of 2021, as the emergence of the Omicron variant led to credit spreads widening, while the central bank's changing stance on inflation led to significant market volatility.

Q1 2022 delivered negative returns across credit markets as Russia invaded Ukraine and rising inflation caused significant concerns to bond investors, both of which erode the value of fixed income assets.

Over the preceding two months to 31 May 2021, credit markets produced negative returns with spreads widening as the global sell off continued. Central banks again increased interest rates or signalled their intention to do so, as they continued to struggle to manage heightened inflation.

Gilt Returns

UK Government Bonds (Gilts) delivered negative returns over the year. UK inflation (RPI index) reached multi-decade highs over 2022, leading to an increase in investors' expectations of near-term interest rate rises. This was coupled with significant volatility throughout the year, as central bank rhetoric on whether inflationary was transitory (i.e. cyclical) or more permanent shifted over time, ultimately leading to the Bank of England increasing interest rates over 2022 to the highest level since before 2008.

Over the 12-month period, Fixed Interest Gilts and Index-Linked Gilts (Over 15 years) delivered returns of -19.1% and -21.0% respectively.

The Trustee's Report (Cont)

Property Commentary

UK Core property delivered strong returns over Q3 2022, benefitting from increased business expenditure, as well as high street and retail seeing increased footfall post-pandemic.

Long Lease property returns were driven by strong capital growth, particularly in the supermarket and office sectors. Rent collection levels improved over the period, with most funds nearing 100% rental collection towards the end of 2021. Furthermore, deferred rents started to be repaid, which provided an additional boost to long lease funds.

Despite wider market challenges over 2022, UK Core and Long Lease Property has remained resilient, with strong transaction activity continuing despite increases in UK base rates. Long Lease property has also benefitted from inflation-linked rent reviews causing rents to rise. Recently, recessionary fears and the lagged impact of higher interest rates (e.g. due to timing of fixed mortgage and lease renewals) could put pressure on capital values in future should these lead to an increase in defaults or empty premises.

The Trustee's Report (Cont)

Approval of Trustee's Report

This report was approved by the Trustee on

Date:

Signed on behalf of the Trustee:

Director of Dalriada Trustees Limited

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 2022 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including 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 2022, and of the amount and disposition at that date of its assets and liabilities, other than the 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

In auditing the financial documents, we have concluded that the Plan's Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Plan's Trustee with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report (Cont)

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 Plan's Trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 determine 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 intend 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent Auditor's Report (Cont)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Plan operates in and how the Plan is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP). We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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 as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements 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 them 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	20,000,004
Release of deferred contributions	(2,100,001)
Total contributions payable over the year to 31 May 2022	17,900,003

A deferral of contributions had previously been agreed between the Trustee and the Employer. The balance due from historic annual reviews for the current year was £7,000,000 which became due over the year. Along with the brought forward deferred balance of £2,099,997 from the prior year, the total amount due during the year to 31 May 2022 in respect of these annual reviews was therefore the higher of £9,099,997 and the amount set out in the Schedule of Contributions dated 23 October 2020 (noting that the monthly deficit contributions of £1,666,667 in the Schedule of Contributions are made against the deferred amount, rather than due in addition to the amounts due from previous annual reviews). Overall, the Employer paid £20,000,004 in deficit contributions to the Plan over the year to 31 May 2022.

Following completion of the 2019 actuarial valuation and in accordance with the 23 October 2020 Schedule of Contributions, annual review amounts are no longer accruing and the £7,000,000 due during the current year was the last remaining historic annual review amount. As a result the deferred amount outstanding at 31 May 2022 was nil.

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

Statement about contributions payable under schedule of contributions

We have examined the summary of contributions payable to The Oracle UK Pension Plan on page 20, in respect of the Plan year ended 31 May 2022.

In our opinion the contributions for the Plan year ended 31 May 2022 as reported in the attached summary of contributions on page 20 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 23 October 2020.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 20 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.

Use of our statement

This statement is made solely to the Plan's Trustee as a body, 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 them 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 as a body, 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 2022

	Note	31 May 2022		31 May 2021	
		Final salary section underpin reserve £	Money purchase section £	Total £	Total £
Contributions and benefits					
Employer contributions		17,900,003	-	17,900,003	11,200,000
Total contributions	4	17,900,003	-	17,900,003	11,200,000
Benefits paid or payable	5	(3,194,155)	(4,284,043)	(7,478,198)	(5,670,412)
Payments to and on account of leavers	6	(2,689,019)	(7,796,819)	(10,485,838)	(9,110,987)
Administrative expenses	7	(71,106)	(599)	(71,705)	(45,949)
		(5,954,280)	(12,081,461)	(18,035,741)	(14,827,348)
Net withdrawal from dealings with members					
		11,945,723	(12,081,461)	(135,738)	(3,627,348)
Returns on investments					
Investment income	8	-	-	-	401
Change in market value of investments	9	(4,720,869)	(7,978,647)	(12,699,516)	51,936,091
Net returns on investments					
		(4,720,869)	(7,978,647)	(12,699,516)	51,936,492
Net (decrease) / increase in the fund during the year					
		7,224,854	(20,060,108)	(12,835,254)	48,309,144
Transfers between sections	17	7,484,975	(7,484,975)	-	-
Net assets of the Plan					
At 1 June		81,062,937	395,492,751	476,555,688	428,246,544
At 31 May		95,772,766	367,947,668	463,720,434	476,555,688

The notes on pages 24 to 34 form part of these financial statements.

Statement of Net Assets

available for benefits as at 31 May 2022

	Note	31 May 2022		31 May 2021	
		Final salary section underpin reserve £	Money purchase section £	Total £	Total £
Investment assets:					
Pooled investment vehicles	11	93,957,143	367,119,639	461,076,782	473,565,742
Cash	9	477,107	368,634	845,741	354,479
Total net investments		94,434,250	367,488,273	461,922,523	473,920,221
Current assets					
	15	1,376,008	1,423,113	2,799,121	3,376,053
Current liabilities					
	16	(37,492)	(963,718)	(1,001,210)	(740,586)
Net assets of the Plan at 31 May available for benefits		95,772,766	367,947,668	463,720,434	476,555,688

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 10 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 24 to 34 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).

The financial statements as at 31 May 2022 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 Plan'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.
- Annuities purchased by the money purchase section fully provide certain members with benefits but are not included as assets of the Plan as they are deemed to be covered by the Plan. The cost of purchasing these annuities is reported under benefits payable within the Fund Account.

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	2022 Money purchase section	Total
	£	£	£
Employer contributions			
Deficit funding	17,900,003	-	17,900,003
		2021	
Employer contributions			
Deficit funding	11,200,000	-	11,200,000

An actuarial valuation was carried out as at 31 May 2019. The Schedule of Contributions agreed as part of that valuation (dated 23 October 2020) requires that deficit contributions of £1,666,667 per month are paid to the Plan from 31 October 2020 to 30 May 2024, which have been paid as required and are continuing to be paid post year end.

A deferral of contributions had previously been agreed between the Trustee and the Employer. The balance due from historic annual reviews for the current year was £7,000,000 which became due over the year. Along with the brought forward deferred balance of £2,099,997 from the prior year, the total amount due during the year to 31 May 2022 in respect of these annual reviews was therefore the higher of £9,099,997 and the amount set out in the Schedule of Contributions dated 23 October 2020 (noting that the monthly deficit contributions of £1,666,667 in the Schedule of Contributions are made against the deferred amount, rather than due in addition to the amounts due from previous annual reviews). Overall, the Employer paid £20,000,004 in deficit contributions to the Plan over the year to 31 May 2022.

Following completion of the 2019 actuarial valuation and in accordance with the 23 October 2020 Schedule of Contributions, annual review amounts are no longer accruing and the £7,000,000 due during the current year was the last remaining historic annual review amount. As a result the deferred amount outstanding at 31 May 2022 was nil.

Notes to the Financial Statements (Cont)

5. Benefits paid or payable

	Final salary section underpin reserve	2022 Money purchase section	Total
	£	£	£
Pensions	2,647,338	-	2,647,338
Commutation of pensions and lump sum retirement benefits	493,536	3,491,445	3,984,981
Purchase of annuities on retirement	-	372,604	372,604
Lump sum death benefits	-	415,874	415,874
LTA charges	53,281	4,120	57,401
	3,194,155	4,284,043	7,478,198
2021			
Pensions	2,034,448	-	2,034,448
Commutation of pensions and lump sum retirement benefits	171,292	2,530,196	2,701,488
Purchase of annuities on retirement	-	506,350	506,350
Lump sum death benefits	5,770	422,356	428,126
	2,211,510	3,458,902	5,670,412

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.

6. Payments to and on account of leavers

	Final salary section underpin reserve	2022 Money purchase section	Total
	£	£	£
Individual transfers to other schemes	2,689,019	7,796,819	10,485,838
2021			
Individual transfers to other schemes	2,606,751	6,504,236	9,110,987

Notes to the Financial Statements (Cont)

7. Administrative expenses

	Final salary section underpin reserve	2022 Money purchase section	Total
	£	£	£
Levies	63,858	-	63,858
Employer covenant fees	-	-	-
Bank charges	1,472	599	2,071
Other fees	5,776	-	5,776
	71,106	599	71,705
2021			
Levies	23,101	-	23,101
Employer covenant fees	21,000	-	21,000
Bank charges	1,241	483	1,724
Other fees	124	-	124
	45,466	483	45,949

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 1 June 2020 being less than £200,000 in aggregate.

All other administrative expenses are met by the Sponsoring Employer.

8. Investment income

	Final salary section underpin reserve	2022 Money purchase section	Total
	£	£	£
Interest on cash deposits	-	-	-
2021			
Interest on cash deposits	224	177	401

Notes to the Financial Statements (Cont)

9. Reconciliation of investments

	Value at 31 May 2021 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 May 2022 £
Not allocated to members					
Final salary section underpin reserve					
Pooled investment vehicles					
-Trustee Reserve account	22,962,174	21,280,852	(13,918,700)	(1,073,478)	29,250,848
-Pensioner Reserve account	55,345,466	15,709,220	(2,701,000)	(3,647,391)	64,706,295
	78,307,640	36,990,072	(16,619,700)	(4,720,869)	93,957,143
Cash in transit	92,000				477,107
	78,399,640				94,434,250
Allocated to members					
Money purchase section					
Pooled investment vehicles	395,258,102	4,251,636	(24,411,452)	(7,978,647)	367,119,639
Cash in transit	262,479				368,634
	395,520,581				367,488,273

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:

	2022 £	2021 £
Members	367,119,639	395,258,102
Trustee	-	-
	367,119,639	395,258,102

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.

Notes to the Financial Statements (Cont)

11. Pooled investment vehicles

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

	2022	2021
	£	£
Final salary section underpin reserve		
Multi-asset	93,957,143	78,307,640
	<u>93,957,143</u>	<u>78,307,640</u>
Money purchase section		
Equities	17,223,580	17,685,596
Bonds	7,899,380	8,367,341
Multi-asset	331,522,710	359,493,729
Property	1,419,396	1,139,913
Cash	9,054,573	8,571,523
	<u>367,119,639</u>	<u>395,258,102</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 2022			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Final salary section underpin reserve				
Pooled investment vehicles	-	93,957,143	-	93,957,143
Cash	477,107	-	-	477,107
	<u>477,107</u>	<u>93,957,143</u>	<u>-</u>	<u>93,957,143</u>
Money purchase section				
Pooled investment vehicles	-	367,119,639	-	367,119,639
Cash	368,634	-	-	368,634
	<u>368,634</u>	<u>367,119,639</u>	<u>-</u>	<u>367,119,639</u>
	<u>845,741</u>	<u>461,076,782</u>	<u>-</u>	<u>461,922,523</u>

Notes to the Financial Statements (Cont)

12. Fair value determination (Cont)

	As at 31 May 2021			
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Final salary section underpin reserve				
Pooled investment vehicles	-	78,307,640	-	78,307,640
Cash	92,000	-	-	92,000
Money purchase section				
Pooled investment vehicles	-	395,258,102	-	395,258,102
Cash	262,479	-	-	262,479
	354,479	473,565,742	-	473,920,221

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:

Breakdown by asset class	Value	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equities	257,984,980	Some exposure	Significant exposure	Negligible exposure	Significant exposure
Bonds	69,749,129	Significant exposure	Negligible exposure	Significant exposure	Negligible exposure
Multi-Asset	122,868,704	Some exposure	Some exposure	Some exposure	Some exposure
Property	1,419,396	Some exposure	Negligible exposure	Some exposure	Some exposure
Cash	9,054,574	Some exposure	Negligible exposure	Some exposure	Negligible exposure

Notes:

Includes Section 1 Core, Section 1 Non-core and Section 2 assets.

Aggregate values allows for asset class split within blended funds e.g. Oracle DGF, Oracle PRF, Oracle Lifestyle Growth Fund

Source: Phoenix and Isio calculations (valuations), Investment Managers for risk exposures

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 75.

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.

The below table shows the value of pooled investment vehicles split between the legal nature of the funds held:

A summary of pooled investment vehicles by type of arrangement is as follows:

	2022	2021
	£	£
Unit linked insurance contracts	438,530,922	450,183,628
Open ended investment companies	22,545,861	23,382,115
	461,076,783	473,565,743

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.

Notes to the Financial Statements (Cont)

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.

14. Concentration of investments

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

	2022		2021	
	£	%	£	%
Phoenix CIS Oracle Diversified Growth FDS	240,664,989	51.9	260,173,808	54.6
Phoenix CIS Oracle Pensioner Reserve Fund	64,706,295	14.0	55,345,466	11.6
Oracle Lifestyle Growth Fund	82,776,712	17.8	89,956,045	18.9
Oracle Diversified Growth Fund	29,250,848	6.3	-	-

15. Current assets

	Final salary section underpin reserve	2022 Money purchase section	Total
	£	£	£
Employer contributions due	-	-	-
Prepayments	2,803	-	2,803
Cash balances	1,373,205	1,423,113	2,796,318
	1,376,008	1,423,113	2,799,121
		2021	
Employer contributions due	2,099,997	-	2,099,997
Cash balances	565,716	710,340	1,276,056
	2,665,713	710,340	3,376,053

Included in the money purchase section bank balance is £nil (2021: £nil) which is not allocated to members.

A deferral of contributions has previously been agreed between the Plan and the Employer. See note 4 to these financial statements.

Notes to the Financial Statements (Cont)

16. Current liabilities

	Final salary section underpin reserve	2022 Money purchase section	Total
	£	£	£
Unpaid benefits	-	(963,718)	(963,718)
Accrued expenses	(37,492)	-	(37,492)
	(37,492)	(963,718)	(1,001,210)
2021			
Unpaid benefits	(2,376)	(738,170)	(740,546)
Accrued expenses	(40)	-	(40)
	(2,416)	(738,170)	(740,586)

17. Transfers between sections

	2022 Final salary section underpin reserve	2022 Money purchase section
	£	£
Reclassification of assets	7,484,975	(7,484,975)
2021		
Reclassification of assets	6,011,990	(6,011,990)

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, with these fees being in relation to charges from TPR, Financial Ombudsman, MaPS and the Pension Tracing Service.

Fees paid to Dalriada Trustees Limited (who are key management personnel) by the Employer totalled £89,722 (2021: £135,691).

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.

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee has made changes for the current membership including making payments to pensioners where required. The financial implications will be taken into account when the actuarial valuation at 31 May 2022 is completed. The Trustee will be considering payments for members who have transferred their benefits to other providers at future meetings and decisions will be made as to the next steps. In March 2022, a payment was made to various members of the Plan as part of the GMP equalisation exercise. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, it is not possible to estimate the value of any such adjustments at this time.

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 2019, to be met by the end of the period specified in the Recovery Plan dated 23 October 2020.

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 23 October 2020.

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.

Signature:



Date:

29 October 2020

Name:

Paul Hubbard

Qualification:

Fellow of the Institute and Faculty of Actuaries

Address:

Barnett Waddingham LLP
3 Devon Way
Longbridge
Birmingham
B31 2TS

Employer:

Barnett Waddingham LLP

Schedule of Contributions

Oracle UK Pension Plan - Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustee of the Oracle UK Pension Plan (the Plan), after obtaining the advice of the Scheme Actuary appointed by the Trustee. This document follows the actuarial valuation of the Plan as at 31 May 2019, which revealed a funding shortfall (technical provisions minus value of assets) of £308m. It has been agreed by the sponsoring employer, Oracle Corporation UK Limited (the Employer).

This Schedule replaces the existing schedule of contributions dated 10 May 2019 and is effective from 31 October 2020.

Contributions to be paid by the Employer

In respect of the future accrual of benefits

The Pensions Underpin ceased future accrual of benefits on 31 May 2004, although current Oracle employees who were members of the Plan at that date have their benefits linked to their current salaries. There are no contributions in respect of future service.

Payments to the escrow in respect of the shortfall in funding as set out in the Recovery Plan dated 23 October 2020

The Employer and Trustee have agreed as part of the 2019 actuarial valuation that the Employer will make payments in respect of the funding shortfall into an escrow arrangement as follows:

Period for which the payment relates	Amount
31 October 2020 – 30 May 2024	£1,250,000 per month for the 3 years and 7 months from 31 October 2020 to 30 May 2024 payable no later than the last business day in each calendar month following the month to which the contribution relates.
31 May 2024 – 30 May 2029	£2,916,667 per month for the 5 years (ie 60 months) from 31 May 2024 to 30 May 2029 payable no later than the last business day in each calendar month following the month to which the contribution relates.

In addition, since the date of the valuation but prior to the start of the period covered by this Schedule of Contributions, the Employer paid £6,250,000 in July 2020 to the escrow arrangement in respect of the funding shortfall.

The terms of the escrow arrangement are set out in the "Revised Funding Deed in relation to the Escrow Arrangement" dated 23 October 2020 (the Revised Funding Deed). Future payments due to the escrow arrangement can be reduced by any contributions paid to the escrow arrangement by the Employer since 31 October 2020 which are in excess of the amounts stated above.

In respect of 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 Trustee 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 1 June 2020 being less than £200,000 in aggregate
- The Trustee may determine that any annual management charges in respect of assets held in the escrow arrangement may be paid directly from the Plan if they cannot be paid from the escrow arrangement

In respect of augmentations

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

Payments to the Plan in respect of the shortfall in funding as set out in the Recovery Plan dated

23 October 2020

As part of the 31 May 2019 actuarial valuation, the Employer has separately agreed to make payments in respect of the funding shortfall into the Plan as follows:

Period for which the payment relates	Amount
31 October 2020 – 30 May 2024	£1,666,667 per month for the 3 years and 7 months from 31 October 2020 to 30 May 2024 payable no later than the last business day in each calendar month following the month to which the contribution relates.

In addition, since the date of the valuation, the Employer has paid £10,000,000 over the year to 31 May 2020 in monthly instalments to the Plan in respect of the funding shortfall (as an alternative to, and reducing, payments due to the escrow arrangement under the schedule of contributions dated 10 May 2019). The Employer has also paid £8,333,333 to the Plan for the period from 31 May 2020 to 30 October 2020 in respect of the funding shortfall.

Payments due to the Plan (or, after 30 May 2024, to the escrow) can be reduced by any contributions paid directly to the Plan by the Employer since 31 October 2020 which are in excess of the amounts stated above, except that payments payable by the Employer:

- a) in respect of augmentations
- b) made under the indemnity provisions in the Plan rules,

are payable in addition to the amounts set out in the table above.

For the avoidance of doubt, any payments made to the Plan from 31 May 2020 under this Schedule (and including the payments of £8,333,333 referred to above) have been, or will, in the first instance be used to offset the amount of £29,933,339 due from the escrow arrangement to the Plan which arose following the 2018 and 2019 Annual Reviews.

Trustee Reserve Account (TRA) top up payments

To ensure that the Plan can meet its cashflow requirements, the Trustee and the Employer have agreed that if the amount in the TRA (as defined in the Revised Funding Deed) goes below £2m (as determined by the Trustee from the weekly updates received from the investment manager) the Employer is required to authorise a transfer payment of £2m from the escrow arrangement 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 Revised Funding Deed is 31 May 2029. In accordance with the Revised Funding Deed, at the Final Test Date the Trustee 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 (or the balance of the escrow arrangement at that date, if lower), provided that it has first entered into good faith discussions with the Employer about whether a lower amount can instead be transferred to the Plan to cover the shortfall in the TRA due to retirements, early retirements and transfers-out during the next three years. The Revised Funding Deed contains further details regarding the nature and timing of the calculations at the Final Test Date and the good faith discussions.

Guarantee from Oracle Corporation (as amended and restated by a deed dated 6 March 2019) (the "Guarantee")

Any amounts demanded or paid under the Guarantee will no longer be due from the Employer under this Schedule.

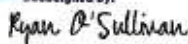
This Schedule has been agreed by the Trustee and the Employer. Changes can be made to this Schedule of Contributions with the agreement of the Trustee and the Employer.



Signed on behalf of the Trustee of the Oracle UK Pension Plan

23/10/2020

Date

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Signed on behalf of Oracle Corporation UK Limited

23-Oct-2020 | 10:59 AM BST

Date

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

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

Background

The Department for Work and Pensions ('DWP') is increasing regulation to improve disclosure of financially material risks.

This regulatory change recognises Environmental, Social and Governance ("ESG") factors as financially material and UK pension plan trustees are required to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require that pension plans detail their policies in their statement of investment principles ("SIP") and demonstrate adherence to these policies in an implementation report.

This implementation report is to provide evidence that the Trustee continues to follow and act on the principles outlined in the Plan's SIP, including:

- actions the Trustee has taken to manage financially material risks and implement the key policies in the Plan's SIP;
- the Trustee's current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks;
- the extent to which the Trustee has followed policies on engagement, including Trustee engagement with the Plan's investment managers, and in turn the engagement activity of the investment managers with the companies/issuers in which they invest;
- voting behaviour covering the reporting year for and on behalf of the Plan Trustee, including details of any significant votes cast by the Trustee or on their behalf;
- the policies in place to ensure the default strategy remains in the best interest of its members.

Statement of Investment Principles ("SIP")

The Plan updated its SIP in February 2022 following strategic changes made to the Section 1 Default Strategy (the Oracle Diversified Growth Fund). As part of this update, the SIP was also updated to the format used by Isio, as the Plan's new investment advisors.

The SIP can be found online at the web address: <https://myoraclepension.com/documents.html>

Details of changes to Plan's SIP made over the accounting year period are set out within this report.

Implementation Statement

This report demonstrates that the Oracle UK Pension Plan has adhered to its investment principles and its policies, over the 12-month period to 31 May 2022, for managing financially material considerations including ESG factors and climate change.

Signed

Position

Date

Implementation Statement (Cont)

Summary of key actions undertaken over the Plan's reporting year

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.

The Employer Core subsection is invested in the white labelled Oracle Diversified Growth Fund (no investment choices available). 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.

Over the year, the Trustee successfully implemented a new strategy in respect of the Oracle Diversified Growth Fund, with the target strategy now as follows:

- An 80% target allocation to the LGIM Future World Global Equity Index Fund; and
- A 20% target allocation to the BlackRock Diversified Growth Fund.

The rationale for this strategic change was to better align the default investment strategy with that of the wider DC market and industry peer group, and to increase the extent to which Environmental, Social and Governance ("ESG") related factors are considered and incorporated within the investment strategy.

The restructure outlined above was carried out over 3 phases to spread market risk. The date of each phased transition was 24 November 2021, 24 January 2022 and 21 March 2022.

Member Core and Non-Core subsection contributions can be invested in a full range of investment options depending on member preference.

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 made no changes to the range of strategies offered to members in respect of the DC section over the accounting period. However, the Trustee has since agreed a number of changes in respect of the funds available to members as part of the Lifestyle and Self-select options. These changes were designed to bring in more choice around ESG, while consolidating the number of funds. These changes are expected to be implemented in Q4 2022.

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.

Implementation Statement (Cont)

Trustee policies

The Trustee has identified both financially material and non-financially material risks, as outlined in the Plan's SIP, and agreed policies for managing these risks.

The Plan updated its SIP in February 2022, and as part of this the Trustee revised the format in which the SIP lists and defines risks, and the Trustee's policies on managing these risks.

Stewardship, including the exercise of voting rights and engagement activities, is set out in the engagement and voting summary tables further in this report.

The key actions the Trustee has taken over the accounting year are set out below.

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Investment	The risk that the Plan's funding position deteriorates relative to the value of the DB Underpin due to the assets underperforming.	<ul style="list-style-type: none"> Selecting an investment objective that is achievable and is consistent with the Plan's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets. 	<p>The Trustee restructured the Oracle Diversified Growth Fund to better align the default investment strategy with that of the wider DC market and industry peer group and increase ESG integration.</p> <p>The investment consultant monitors the fund managers on an ongoing basis on behalf of the Trustee, including changes to the team, business, risk process and operations.</p>
Funding	The extent to which there are insufficient Plan assets available to cover ongoing and future liability cash flows in respect of the DB Underpin, after allowing for guarantees provided by the sponsoring employer.	<ul style="list-style-type: none"> Funding risk is considered as part of the Section 1 investment strategy review and the actuarial valuation of the DB Underpin liabilities. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time. 	<p>The Trustee regularly reviews the funding position of the Plan's Section 1 assets relative to the value of the DB Underpin with the help of its investment and actuarial advisors.</p> <p>This is achieved through quarterly reporting from both the Trustee's investment and actuarial advisors.</p>
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Plan in respect of the DB Underpin liabilities.	<ul style="list-style-type: none"> When developing the Plan's investment and funding objectives, the Trustee takes account of the strength of the covenant and associated guarantees, ensuring the level of risk the Plan is exposed to is at an appropriate level for the covenant to support. 	The Trustee carries out a covenant assessment as part of each tri-annual actuarial valuation.
Interest rates and inflation	The risk of mismatch between the value of the Plan's assets and present value of DB Underpin liabilities from changes in	To invest, where practical and deemed suitable, in assets which are expected to partially match the movements of the DB	The Oracle Pensioner Reserve Fund targets a 70% allocation to Index-linked Gilts which provides an element of hedging

Implementation Statement (Cont)

	interest rates and inflation expectations.	Underpin arising from interest rates and inflation.	in respect of the DB Underpin liabilities. The Trustee has agreed to consider this position further as part of the Section 1 strategy refresh due to be carried out in Q4 2022 / Q1 2023.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due.	The Trustee, with the support of their investment adviser, monitors the Plan's collateral and liquidity position in the context of Company contributions as part of quarterly cashflow reporting.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustee considers the level of diversification within the Section 1 Core assets as part of regular reporting and an annual investment strategy refresh.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	No changes were made to the Plan's credit exposure over the year.
Environmental, Social and Governance ("ESG")	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustee monitor the managers on an ongoing basis.	The Trustee introduced an 80% allocation to a Passive Sustainable Global Equity Fund. The Trustee also carries out an annual impact assessment to evaluate each of the mandates on ESG grounds. The last assessment was carried out in May 2022. Further detail on voting and engagement data is provided later in this report.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	There are currently no arrangements to hedge currency risk, but there are domestic products available to members.	The Trustee opted not to introduce currency hedging within the Oracle Diversified Growth Fund's equity allocation following discussions with the sponsor and after considering the likely cost and complexity of doing so.
Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	

Implementation Statement (Cont)

Further risks, and the Trustee's corresponding actions, over the year specifically in respect of the Section 1 non-core and Section 2 contributions were as follows:

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Inflation Risk	The risk that the real value (i.e. post inflation) value of members' accounts decreases.	The Trustee provides members with a range of lifestyle options and self-select funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds). Members are able to set their own investment allocations, in line with their risk tolerances.	<p>The Trustee reviewed the Plan's lifestyle funds and self-select options for members in May 2022 to ensure they remained appropriate. The Trustee agreed to enhance member optionality, while better aligning the fund range with the Trustee's ESG beliefs.</p> <p>Members will continue to be able to choose their preferred investments in line with their risk tolerances.</p>
Pension Conversion Risk	The risk that members' investments do not match how they would like to use their pots in retirement, based on their preferred choice of lifestyle option.	The lifestyle strategies increase the proportion of assets that more closely match the chosen retirement destination as members approach retirement. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement in accordance with their preferred retirement option.	<p>The Trustee reviewed the suitability of the Plan's lifestyle strategies in May 2022.</p> <p>At this time the Trustee agreed the growth phase, lifestyle phase and "At retirement" phase remained suitable based on the members' preferred retirement destination.</p>

Implementation Statement (Cont)

Changes to the SIP over the accounting year period

The Trustee updated the Plan's SIP in February 2022. The revised list of risks, definitions and Trustee policies is set out in the tables in the previous section ("Trustee policies") and can be found in Appendix B of the SIP.

The following investment management and fund governance policies were also added. These can be found in Appendix A of the SIP.

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	<ul style="list-style-type: none"> As the Plan invests via pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. This is reviewed on an ongoing basis.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	<ul style="list-style-type: none"> The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements held between the investment manager and Phoenix. The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	<ul style="list-style-type: none"> The Trustee reviews the performance of all the Plan's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustee evaluates performance over the period stated in the investment managers' performance objective, which is typically 3 to 5 years. Investment manager fees are monitored to make sure the correct amounts have been charged. The Trustee's investment adviser ensures these remain competitive.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	<ul style="list-style-type: none"> The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Plan's arrangements with the investment managers	<ul style="list-style-type: none"> The duration of the arrangements is considered in the context of the type of fund the Plan invests in. <ul style="list-style-type: none"> For open ended funds, the duration is flexible, and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held. The Plan does not invest directly in any close-ended funds or funds with a lock-in period, in line with the Trustee's objectives and Plan's liquidity requirements.

Implementation Statement (Cont)

ESG as a financially material risk

The SIP describes the Trustee's policies with regard to ESG as a financially material risk.

The Trustee has considered financially material factors such as 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. The Trustee believes that financially material considerations are implicitly factored into the expected risk and return profile of the asset classes they are investing in.

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 has limited influence on the ESG 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 of the United Nations Principles of Responsible Investment ('UN PRI') or another 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.

Trustee's areas of assessment and ESG beliefs when assessing investment managers

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee
Approach Framework /	3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting Monitoring &	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training as required to develop their knowledge. 8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.

Implementation Statement (Cont)

Collaboration	<p>11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why.</p> <p>12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.</p>
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Formal ESG Review of Plan's investment managers

The Trustee carried out a formal ESG review of the Plan's investment managers over the accounting year period.

As part of this, the Trustee did not engage directly with the Plan's investment managers on their ESG policies but have indirectly via their investment adviser through direct feedback, and as part of their core ESG engagement processes. The Plan's investment adviser has engaged with the Plan's investment managers on their ESG policies to ensure they meet a set of minimum criteria.

Following the ESG review, there were a number of actions identified as follows:

Manager	Actions identified as part of Trustee's ESG review
BlackRock Aquila Life MSCI World Index Fund	<ul style="list-style-type: none"> Voting & Engagement – clearer link between stewardship priorities and engagement. Reporting – improve the scope of carbon reporting, and clearly break down ESG risk metrics.
BlackRock Absolute Return Bond Fund	<ul style="list-style-type: none"> Investment Approach/ Framework - Create a Fund specific ESG policy. Reporting – Include ESG metrics and engagement activity in regular reporting.
BlackRock Credit – Passive Gilts and Liquidity Fund	<ul style="list-style-type: none"> Investment Approach/ Framework - Evidence how stewardship activities align with firm-wide priorities. Risk Management – Create Key Performance Indicators ("KPIs") to drive engagement priorities and incorporate ESG risk metrics in regular reporting. Voting & Engagement – Report on engagement effectiveness at a fund level. Reporting – Incorporate engagement summaries in regular fund reports.
BlackRock Diversified Growth Fund	<ul style="list-style-type: none"> Risk Management – producing regular diversity reports including diversity metrics and the progress made towards any targets. Risk Management – consider running climate change scenario analysis on the portfolio. Reporting – include ESG metrics and Voting & Engagement data in quarterly reporting to clients.
BNY Mellon Real Return Fund	<ul style="list-style-type: none"> Investment Approach – BNY Mellon should consider integrating ESG targets within the Fund's guideline parameters. Reporting – improve the scope of carbon reporting, and clearly break down ESG risk metrics.
Invesco Global Targeted Returns Fund	<ul style="list-style-type: none"> Investment Approach/ Framework - demonstrate the weighting and materiality which ESG considerations have on investment decisions. Risk Management – evidence the influence of ESG scores from ESG intel on the Fund's investment decisions. Voting & Engagement – engage with derivatives counterparties. Reporting – incorporate ESG reporting and metrics within the Invesco's standard quarterly reports.
LGIM Credit – Passive Corporate Bonds	<ul style="list-style-type: none"> Investment Approach/Framework – Develop specific ESG objectives for the Fund and quantify these targets. Reporting – Include fund specific engagement activity in regular reporting and provide ESG ratings for assets held within the mandate.
LGIM Credit – Passive Gilts	<ul style="list-style-type: none"> Investment Approach/Framework – LGIM to better demonstrate the importance of ESG considerations in the investment process. Voting & Engagement – LGIM to consider expanding reporting to include descriptions of critical engagements to better satisfy implementation statement reporting.

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	<ul style="list-style-type: none"> Reporting – LGIM to work to improve data reporting across inflation-linked credit mandates.
LGIM Equity – Passive (including Ethical UK)	<ul style="list-style-type: none"> Risk Management – LGIM should consider breaking down portfolio level scores by E, S and G. Reporting – LGIM should report on ESG metrics in standard client reporting. We note that they are in the process of implementing this. Reporting – Fund level voting should be provided on a quarterly basis in line with implementation statement requirements.
LGIM Future World Global Equity Index Fund	<ul style="list-style-type: none"> Reporting – Continue efforts to enhance reporting and produce an impact report for the Future World range.
Liontrust UK Equity Fund	<ul style="list-style-type: none"> Risk Management - Liontrust should consider using an ESG scorecard. Liontrust should consider reporting on temperature pathway and modelling climate change scenarios. Voting & Engagement - Liontrust should consider setting fund-specific stewardship priorities. Reporting - Liontrust should consider including ESG metrics in regular fund reporting.
MFS Meridian Global Equity Inst. Fund	<ul style="list-style-type: none"> Investment Approach/ Framework – MFS should consider producing fund specific ESG objectives. Risk Management – MFS should consider developing an ESG scorecard. Voting & Engagement - MFS should consider setting fund specific stewardship priorities. Reporting – MFS should consider developing fund level ESG reports on a quarterly basis, including reporting on the TCFD ESG metrics.
Threadneedle Property Fund	<ul style="list-style-type: none"> Risk Management – Consider implementing ESG scoring for each asset and overall portfolio. Provide update on development on net zero pathway plans Voting & Engagement – Provide quantitative data to satisfy implementation statement requirements Reporting – Detail engagement data in quarterly reporting and continue efforts to report in line with TCFD requirements.

The Plan's investment adviser will be engaging with the managers on the Trustee's behalf, to review their ESG policies and set actions and priorities. They will report back to the Trustee on a periodic basis with progress reports that will include updates on engagements with the managers.

Implementation Statement (Cont)

Investment manager engagement summary over accounting year period

As the Plan invests via pooled funds managed by various investment managers, each manager has provided details on their ESG-related engagement activity, including a summary of the activity over the Plan's reporting year. The managers also provided examples of any significant ESG-related engagements where relevant.

Fund name	Engagement summary	Commentary and significant engagements
BlackRock Aquila Life MSCI World Fund	<p>Total Engagements: 1,667</p> <p>Environmental: 1,045</p> <p>Social: 651</p> <p>Governance: 1,444</p> <p>One engagement can comprise of more than one topic across each company</p>	<p>The BlackRock Investment Stewardship Team (BIS) carry out all voting and engagement activities. The BIS engage across all funds at an issuer level thereby leveraging their combined AUM capital (e.g. across equity and credit) to maximise engagement effectiveness.</p> <p>Rio Tinto Group:</p> <p>BIS engaged with the company over the year to discuss board quality effectiveness, climate risk and Rio Tinto's impact on people. They were keen to understand how Rio Tinto identifies and manages risks and opportunities which can impact their ability to deliver sustained financial performance for long term investors. Notable topics discussed were board quality, executive remuneration and the adverse effect caused by the destruction of a 46,000-year-old sacred site in Western Australia at Juukan Gorge. Furthermore, BIS have sought further understanding of their approach to climate-related risks and opportunities and Rio Tinto's strategies to navigate to a low carbon economy.</p>
BlackRock Diversified Growth Fund	<p>Total Engagements: 3,040</p> <p>Environmental: 1,899</p> <p>Social: 1,140</p> <p>Governance: 2,746</p> <p>One engagement can comprise of more than one topic across each company</p>	<p>BlackRock Engagement process as outlined above.</p> <p>ExxonMobil Corporation:</p> <p>BIS engaged with the company over the year to discuss board composition and effectiveness in addition to Exxon's approach to managing climate risks and opportunities. This led to BlackRock to elect three shareholder-nominated directors with industry experience relevant to the energy transition at the 2021 AGM. Since then, BlackRock has been encouraged by Exxon's efforts to enhance their competitive position and long-term financial resilience in light of the anticipated long-term shift in the global energy mix.</p>
Passive and/or credit-focussed BlackRock Funds	BlackRock currently do not provide details of their engagement activities for funds without voting rights.	
BNY Mellon Real Return Fund Data as at 31 March 2022	<p>Total Firm Engagements: 56</p> <p>BNY Mellon has been unable to provide a split of engagements.</p>	BNY Mellon engages on a wide range of engagement subjects. These predominantly focus on Environmental and Governance issues.

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		<p>BNY Mellon has not provided engagement details at a fund level, the below engagement is at a firm level.</p> <p>Volkswagen AG:</p> <p>BNY Mellon engaged with the company on responsible cobalt sourcing. They held discussions to establish the company's understanding of the situation, what actions they were tasking to identify the risks in the supply chain, and how the planned to implement the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. BNY Mellon were please that Volkswagen is a member of at least one multi-stakeholder initiative on responsible cobalt sourcing. They will continue to engage with companies around the potential for cobalt recycling.</p>
Invesco Global Targeted Returns Fund	<p>Total Entities Engaged: 19</p> <p>Invesco has been unable to provide a split of engagements.</p>	Invesco has not provided engagement details at a fund level.
LGIM Funds	<p>LGIM do not currently provide details of their engagement activities at strategy level and have limited data at firm level however this is something they are looking to implement, and the firm is considering how such information can be provided going forward.</p>	<p>LGIM actively co-ordinate engagement activity at a firm level, rather than on a fund-by-fund basis. LGIM engage with regulators, governments, and other industry participants to address long-term structural issues.</p> <p>LGIM believe in an active ownership approach. Therefore, they aim to leverage the wider capabilities of the global firm, to actively engage with companies, to create positive change and value. Where engagements are unsuccessful, the team will assess and improve future engagement.</p>
<p>MFS Meridian Global Equity Institutional Fund</p> <p>Data as at 31 March 2022.</p>	<p>Total Firm engagements: 92</p> <p>MFS do not currently provide details of the number of engagement activities at a fund or strategy level. This capability is currently in development</p>	<p>MFS engaged on a wide variety of ESG issues with companies. However, they were unable to provide specific details for several their engagements, noting that they are in the process of enhancing their resources to report on engagement activity. The below engagement was made at a Firm level.</p> <p>Rolls Royce Holding PLC:</p> <p>MFS engaged with the company as part of MFS's ongoing Climate Action 100+ engagement. Conversations focussed on the company's efforts to reduce climate impacts of air travel. They particularly focused on sustainable aviation fuels and alternative propulsion technologies. MFS found that the company already run both large and small engines on 100% sustainable aviation fuels.</p>

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		However, their adoption of such fuels will be constrained by regulation for some time.
Liontrust UK Equity Fund	Total Firm Engagements: 284 Liontrust are currently unable to provide fund level engagements.	Liontrust engaged on a wide range of subjects. Their engagement predominantly focussed on Environmental, Social, and Governance issues, whether taken separately or combined. Shell: Liontrust engaged with Shell regarding its energy transition risks with the objective of getting the company to commit to ambitious carbon targets. Liontrust voted in favour of the Energy Transition Progress Report and plan at the 2022 AGM. They believe Shell is well on track to meet its targets and set new, more ambitious, objectives. Moreover, Liontrust are satisfied with Shell's changes to remuneration to better link incentives with its carbon objectives. They will continue to engage with Shell on its carbon strategy.
Threadneedle Property Fund	Columbia Threadneedle is unable to provide details of engagement for their property funds.	Columbia Threadneedle has a history of active engagement and collaboration on ESG related topics and is looking to improve the extent and depth of its reporting on these issues. Columbia Threadneedle have only been able to supply firm level engagements.

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Investment manager voting summary over accounting year period

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.

As the Plan invests via pooled funds managed by various investment managers, where applicable, each manager has provided details on their voting actions including a summary of the activity over the Plan's reporting year. The managers also provided examples of any significant votes where relevant.

Fund name	Voting summary	Example of significant votes	Commentary
BlackRock Aquila Life MSCI World Fund	Votable Proposals: 14,729 Proposals Voted: 88% For votes: 93% Against votes: 6% Abstain votes: 0%	Barclays Plc BlackRock voted to approve Barclays' Climate Strategy, Targets and Progress 2022. This comes after the bank received climate related shareholder proposals for shareholder consideration at the 2020 and 2021 AGMs. BlackRock noted progress in developing their net zero roadmap.	BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holding directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.
BlackRock Diversified Growth Fund	Votable Proposals: 12,155 Proposals Voted: 92% For votes: 94% Against votes: 5% Abstain votes: 1%	The Kroger Co. BlackRock voted for a shareholder proposal requesting that the board of directors issue a report by December 2021 on plastic packaging estimating the amount of plastics released to the environment by the company's use of plastic packaging, from the manufacture of plastic source materials, through disposal or recycling and describing any company strategies or goals to reduce the use of plastic packaging to reduce these impacts. BlackRock believes current strategies lag competitors that have made more robust commitments hence they voted in favour of this proposal.	BlackRock use Institutional Shareholder Services (ISS) electronic platform to execute vote instructions. BlackRock categorise their voting actions into two groups: holding directors accountable and supporting shareholder proposals. Where BlackRock have concerns around the lack of effective governance on an issue, they usually vote against the re-election of the directors responsible to express this concern.
BNY Mellon Real Return Fund	Votable Proposals: 1,427 Proposals Voted: 100% For votes: 87% Against votes: 13% Abstain votes: 0%	Greencoat UK Wind Plc BNY Mellon voted against proposed share issuances and the re-election of the chairperson of the board. They raised concerns over past share issuance undertaken by the trust and believe this was not conducted in shareholders' best interests.	BNY Mellon use International Shareholder Services (ISS) for the purpose of administering proxy voting, as well as its research reports on individual company meetings. Only if BNY Mellon recognise a potential material conflict of interest do they follow

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		Moreover, there was concerns that the share placing would be reallocated at a discount to NAV had it been recalculated on the back of increasing power prices.	the voting recommendation of ISS. BNY Mellon do not have a strict voting policy. Instead, they prefer to consider a company's individual circumstances, their own investment rationale, and any engagement activities together with relevant governing laws, guidelines, and best policies.
Invesco Global Targeted Returns Fund	Votable Proposals: 4,240 Proposals Voted: 99% For votes: 94% Against votes: 6% Abstain votes: 0%	Suofeiya Home Collection Co. Invesco voted against the company's management recommendation to approve cash management. Invesco believed a vote against this resolution was warranted as the proposed investment could expose the company unnecessary risks. The outcome of the vote was not Invesco's desired outcome. They will continue to monitor the company on the issue and engage when necessary.	Invesco's voting process focuses on protecting clients' rights and promoting governance structures that reinforce the accountability of management and boards of directors to shareholders. Voting matters are assessed on a case-by-case basis by Invesco's respective investment professionals considering the unique circumstances affecting companies, regional best practices, and Invesco's goal of maximizing long-term value creation for their clients.
LGIM Global Equity Fixed Weights 50/50 Index Fund Data supplied to March 2022.	Votable Proposals: 39,493 Proposals Voted: 100% For votes: 83% Against votes: 17% Abstain votes: 0%	Amazon.com Inc. LGIM voted against the election of the CEO, Jeffrey P. Bezos to become the board chair. LGIM believes that the two roles require significantly different skillsets and experiences. Thus since 2020 LGIM have voted against all combined chair/CEO proposals. They have reinforced their position on leadership structures across all stewardship activities for example individual corporate engagements and director conferences.	LGIM's Investment Stewardship team uses International Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. To ensure their proxy provider votes in accordance with their position on ESG, they have put in place a custom voting policy with specific voting instructions.
LGIM Ethical UK Equity Index Fund Data supplied to March 2022.	Votable Proposals: 4,442 Proposals Voted: 100% For votes: 94% Against votes: 6% Abstain votes: 0%	Kier Group plc LGIM voted against the approval of a one-off 25% increased payment to the company's CEO meaning their salary is now £750,000. LGIM considered this a significant salary level for a SmallCap company following a sell-off of several divisions. They believe this vote is significant because of the large level of shareholder dissent at the AGM. Furthermore, this received attention from the industry and led to Kier Group being included	As above.

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		on the Inclusion on Investment Association list for high dissent votes.	
LGIM UK Equity Index Fund Data supplied to March 2022.	Votable Proposals: 10,813 Proposals Voted: 100% For votes: 93% Against votes: 7% Abstain votes: 0%	Cineworld Group LGIM voted against the re-election of all board members of the remuneration committee and the board chair. They have significant concerns about the long-term incentive plan granted to executives. As it is misaligned with the long-term interests of the company, shareholders, and other stakeholders. Additional concerns motivated LGIM's vote. These include the impact of COVID-19 on the Cineworld's financials and its stakeholders through furloughs and the suspension of dividends. They also considered social sensitivities around income inequality. LGIM will continue engaging with Cineworld and monitor progress.	As above.
LGIM Future World Global Equity Index Fund	Votable Proposals: 47,851 Proposals Voted: 100% For votes: 82% Against votes: 17% Abstain votes: 1%	AT&T LGIM voted against the advisory vote to ratify named executive Officers' compensation. There were serious concerns identified by LGIM regarding the structure and quantum of AT&T's executive remuneration. This was particularly the case for the \$48 million sign-on equity awarded to the incoming CEO of its Warner Media division and the \$9 million retention grant to the General Counsel. These awards and payment fell below LGIM's expectations of fair and balanced remuneration in respect to their magnitude and lack of performance criteria. LGIM will continue to seek to engage with the company and monitor progress. They consider the vote to be significant since the majority of investors voted against the resolution.	As above.
MFS Meridian Global Equity Institutional Fund	Votable Proposals: 1,437 Proposals Voted: 100%	Walt Disney Co MFS voted against management on racial and gender pay reporting. MFS voted in favour of the proposal as they believe that additional disclosures relating to	MFS maintains its own publicly available proxy voting policies and procedures (the MFS Proxy Policies), which guide all their proxy voting decisions and provide a framework for voting decisions. The exercise of voting rights is

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	<p>For votes: 95%</p> <p>Against votes: 5%</p> <p>Abstain votes: 0%</p>	<p>the company's adjusted pay gap and on how the company is ensuring pay equity would allow shareholders the ability to compare and measure the progress of the company's ongoing diversity and inclusion initiatives.</p>	<p>overseen by the MFS Proxy Voting Committee, which consists of senior members of MFS' Investment, Legal and Global Investment Support departments. Their proxy voting committee encompasses a diverse range of perspectives, which they believe leads to a thoughtful and collaborative process that guides MFS' voting decisions and policy development.</p>
<p>Liontrust UK Equity Fund</p>	<p>Votable Proposals: 2,657</p> <p>Proposals Voted: 100%</p> <p>For votes: 97%</p> <p>Against votes: 3%</p> <p>Abstain votes: 0%</p>	<p>AstraZeneca:</p> <p>Liontrust voted against the approval of the Remuneration Policy.</p> <p>Liontrust noted that the company is proposing significant increases to variable pay for the second consecutive year. Liontrust believe the rationale for this is not sufficiently compelling.</p>	<p>Liontrust votes at all applicable meetings and takes voting research and platform services from International Shareholder Services (ISS).</p> <p>Where management recommendations and Liontrust's proxy voting research provider's recommendations align, Liontrust is minded to do the same, except where items concern approval of political donations and expenditure, where Liontrust is minded to vote against. Where there is divergence, the relevant Liontrust fund manager will decide on how to vote.</p> <p>Liontrust also scrutinise the recommendations of management and ISS in the UK small cap space.</p>

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 defined contribution (DC) governance standards 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 2021 to 31 May 2022 ("the Plan year").
- 1.4. The Trustee will publish this Statement on a publicly accessible website available here: <https://myoraclepension.com/index.html>

2. The Plan's DC arrangements

- 2.1. The Plan's DC arrangements are 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.
 - **Core Funds:** these are subject to a DB underpin whereby if the value of an individual's fund is less than the DB underpin at retirement, the individual will receive a guaranteed pension in respect of their Section 1 Core Fund. If the Section 1 Core Fund is greater than the DB underpin, these benefits are treated as DC benefits.
 - **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 were accrued after June 2004 and 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 depends upon the type and value of benefits each member holds.
- 3.2. The default investment arrangements were implemented in 2016, following advice from the Trustee's previous investment adviser. The design of these arrangements took into consideration the potential needs of Plan members as well as the Trustee's own investment beliefs. The Trustee completes a strategic review of the default investment arrangements at least every three years.
- 3.3. Following the appointment of Isio as its investment adviser in November 2020, the Trustee completed a strategic review of the default investment arrangement for Section 1 Core Funds. This review resulted in changes being made over the Plan year which are described in 3.4 below. The Trustee is in the process of reviewing the default investment arrangements for Section 1 Non-Core Funds and Section 2 Funds and changes will be set out in next year's Statement.

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Design of the default investment arrangements 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. This Fund invests in a portfolio of underlying funds and is designed to provide long-term investment growth whilst limiting the degree to which it will fluctuate in value. It aims to ensure that the value of benefits promised to members at their Normal Retirement Age (NRA) can be provided. Over the Plan year, the Trustee made some changes to the asset allocation of the Oracle Diversified Growth Fund and these took place between November 2021 and March 2022, following a communication with impacted members. These changes included:
 - 3.4.1. **Phase 1:** On 23 November 2021, the Trustee removed the allocation to the Aquila Life MSCI World Equity Fund and replaced this with the LGIM Future World Global Equity Index Fund. At the same time the allocation to the BlackRock Diversified Growth Fund was reduced. The allocation on completion of Phase 1 was 60% in the BlackRock Diversified Growth Fund (down from 80%) and 40% in the LGIM Future World Global Equity Index Fund
 - 3.4.2. **Phase 2:** On 24 January 2022, the Trustee reduced the allocation to the BlackRock Diversified Growth Fund to 40% and there was a corresponding increase in the allocation to the LGIM Future World Global Equity Index Fund (60%).
 - 3.4.3. **Phase 3:** On 21 March 2022, the Trustee made a further reduction to the allocation to the BlackRock Diversified Growth Fund to 20% and there was a corresponding increase in the allocation to the LGIM Future World Global Equity Index Fund (80%).
- 3.5. The rationale for the change was focussed on increasing the risk and expected return of the Fund, whilst also recognising that the underpin applied to benefits in the Section 1 Core Funds provides a guaranteed pension. The Trustee believes that overall, the changes should deliver better outcomes for most members over the longer-term, and notes that the change will result in an immediate reduction in charges for investors in the Oracle Diversified Growth Fund. Alongside this, the Trustee took the opportunity to integrate sustainable investment themes into the equity portfolio of the Fund.
- 3.6. 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. The Trustee estimated these costs to be in the region of 0.20% of the value of investment impacted by the change and considered these costs as part of the overall assessment of the changes being made. The Trustee worked closely with Phoenix (as its platform provider) and Isio to minimise these costs to members.
- 3.8. The actual costs incurred were £517, 009 (or 0.12%) of the value of assets) and the Trustee has reviewed these costs in conjunction with Isio. The Trustee is comfortable that these costs are reasonable and overall believe the changes made should add value for members over the longer-term, noting in particular the lower ongoing charges.

Annual Governance Statement (Cont)

- 3.9. **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 Plan member and the Lifestyle Option into which members benefits were invested was dependent upon the size of their fund. There was not review completed, or changes made to the Lifestyle Options over the Plan year.
- 3.10. The key features of the Drawdown Lifestyle Option and the Cash Lifestyle Option are as follows:
- 3.10.1. Both Lifestyle Options invest across a portfolio of underlying investment funds. Each underlying fund is designed to provide exposure to different degrees of investment risk depending upon each member's term to their Normal Retirement Age (NRA) 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.
- 3.10.2. When a member is more than 5 years from NRA, both Lifestyle Options invest exclusively in the Oracle Lifestyle Growth Fund. This aims 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 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
 - 30% in the Phoenix BlackRock Aquila Life MSCI World Index Fund
- 3.10.3. From 5 years to NRA, the Lifestyle Options will automatically and gradually switch into a portfolio of funds which has been designed to be suitable for taking benefits either as cash or using drawdown, as follows:
- **Drawdown Lifestyle Option:** this option aims 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. At NRA a member's benefits will be invested:
 - 60% in the Phoenix Oracle Lifestyle Growth Fund
 - 15% in the Phoenix Oracle Index Linked Gilts Fund
 - 25% in the Phoenix Oracle Cash Fund
 - **Cash Lifestyle Option:** this option aims to protect the value of a members' benefits at NRA. At NRA a member's benefits will be invested:
 - 50% in the Phoenix Oracle Cash Fund
 - 50% in the Phoenix Oracle Active Bond Fund.

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Alternative investment options

- 3.11. 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:

3.11.1. An Annuity Lifestyle Option which invests in the same fund as the Drawdown and Cash Lifestyle Options up to 5 years before NRA. 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.

3.11.2. A range of individual investment funds which hold different asset classes and have different investment objectives. This includes one fund, the BNY Mellon Real Return Fund, which is closed to new investors.

Monitoring and review of the default investment arrangement and alternative options

- 3.12. 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.

Further information on investments

- 3.13. Further information on the range of investment options provided through the Plan are set out in the Statement of Investment Principles (SIP) dated February 2022. This was reviewed during the Plan year to take account of the changes to the Plan's investment options.

- 3.14. 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:

3.14.1. The Trustee's aims and objectives in relation to the investments held in the default investment arrangements.

3.14.2. 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 and the realisation of investments.

3.14.3. An explanation of how these aims, objectives and policies are intended to ensure that assets are invested in the best interests of members.

- 3.15. 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, albeit no contributions were paid over the Plan year.

4.1.2. Transfers into and out of the Plan.

4.1.3. Investment switches.

4.1.4. Payments out of the Plan.

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Plan 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. Where required, issues are escalated to the Trustee.
- 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 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	93%	98%	100%	100%
Transfers into the Plan	N/A	N/A	N/A	N/A
Transfers out of the Plan	96%	97%	96%	96%
Payments out of the Plan	97%	98%	97%	85%

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

- 4.3.6. As part of its ongoing consideration of service standards, the Trustee noted that the SLAs achieved by Barnett Waddingham had broadly been with the agreed targets for the Plan year, however there had been a slight decline in Q4 for payments out of the Plan. The Trustee has raised this with Barnett Waddingham to understand the reasons for the fall and noted that SLAs have improved in subsequent months. The Trustee will continue to keep SLAs under close review.

Annual Governance Statement (Cont)

- 4.3.7. 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.
- 4.3.8. 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-0120-report/.
- 4.3.9. 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 following the Trustee meeting in October 2021.

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.

Annual Governance Statement (Cont)

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 vary between the investment funds available through the Plan and consist of the following:
- 5.1.1. **Charges:** these are collected by deduction of investment units and are expressed as a percentage of the value of each member's holdings within the investment fund. They are referred to as a Total Expense Ratio (TER) and include the Annual Management Charge and Additional Expenses.
- 5.1.2. **Transaction cost:** these relate to the variable 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 TER.
- 5.2. All administration, communication and governance costs in respect of the Plan's benefits are met by Oracle as the sponsoring employer.
- 5.3. The following tables provide details of the charges and transaction 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 there is no charge or transaction cost data is missing.
- 5.4. The data covers the year to 31 March 2022. As with previous years the Trustee requested cost and charge data for all funds offered through the Plan from Phoenix for the year to 31 May 2022 to aligned with the Plan year, 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.

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 change in the approach to NRA this is reflected in the range of charges provided.

Investment option	TER	Transaction costs (1yr) [1]
Drawdown Lifestyle Option	0.36% - 0.47%	0.124% - 0.192%
Cash Lifestyle Option	0.35% - 0.47%	0.018% - 0.192%
Annuity Lifestyle Option	0.15% - 0.47%	0.008% - 0.192%

Annual Governance Statement (Cont)

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 as well as the Oracle Diversified Growth Fund which is the default for Section 1 Core Funds.

Investment option	TER	Transaction costs (1yr) [1]
Active		
Oracle Diversified Growth Fund	0.44% [2]	0.166%
Oracle Lifestyle Growth Fund	0.47%	0.192%
Oracle Active Bond Fund	0.49%	0.021%
BNY Mellon Real Return (closed to new investment)	0.70%	0.210%
BlackRock Diversified Growth Fund	0.60%	0.291%
MFS Meridian Global Equity Institutional Fund	0.72%	0.032%
Oracle Active UK Equity Fund	0.71%	0.142%
Threadneedle Pensions Property Fund	0.78%	0.572%
Oracle Cash Fund	0.20%	0.016%
Invesco Global Target Return	0.76%	0.436%
Passive		
LGIM Global Equity Fixed Weights 50/50 Index Fund	0.13%	0.015%
Oracle Global Equity Fund	0.10%	0.022%
LGIM UK Equity Fund	0.10%	0.020%
LGIM Over 15 Year Gilts Index Fund	0.10%	0.000%
Oracle Index Linked Gilt Fund	0.10%	0.000%
LGIM Corporate Bond All Stocks Index Fund	0.13%	0.030%
LGIM Ethical UK Equity Index Fund	0.25%	0.000%

[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 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. Where negative costs have been quoted by Phoenix these have been included in the table as a zero cost.

[2] As noted in Section 3.4, over the Plan Year the Trustee made changes to the Oracle Diversified Growth Fund. As a result of these changes the TER applied to the Fund reduced. The TER quoted in the table above reflects the position as at 31 March 2022 and this will be impacted trading activity involved with making the change. Going forwards the Trustee expects the TER to be close to 0.24%.

Annual Governance Statement (Cont)

6. Demonstrating the impact of costs and charges

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 October 2021 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.

To determine the parameters used in these illustrations, the Trustee has analysed Plan members over the Plan year and has taken into consideration the range of investment options offered. As a result of this analysis the Trustee has elected to base these illustrations on the following variables:

- Pot size: pot sizes of £15,000, £50,000 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.
- Future contributions: as all members of the Plan are no longer actively making pension contributions, the Trustee has decided to produce illustrations that assume no future contributions will be paid.
- Investment funds: the investment options selected for these illustrations include the three default investment arrangements and the self-select funds with the highest and lowest charge.
- 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.

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 this Statement and the Transaction Costs are the average of those experienced in each fund over the previous four years (where available).

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.

The illustrations are presented in two different ways:

- For the Lifestyle Options, the illustrations have been calculated based on the number of years until the member reaches their NRA. This is because the underlying asset allocation of the Lifestyle Options and therefore the costs and charges change over time and this needs to be reflected in the illustrations.
- For the Oracle Diversified Fund and the self-select funds, the illustrations have been calculated based upon the number of years (from 31 May 2022) that a member expects to be invested in those funds.

Annual Governance Statement (Cont)

Guidance to the illustrations

Notes on the illustrations are as follows;

1. Projected pot sizes are shown in today's terms and 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 NRA of 65.
3. Values shown are estimates and not guaranteed.
4. The starting date for the illustrations is 31 May 2022.
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 2022 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 (4yr average)
Drawdown Lifestyle [1]	3.86% - 5.03%	1.36% - 2.53%	0.36% - 0.47%	0.208% - 0.321%[2]
Cash Lifestyle [1]	2.35% - 5.03%	-0.15% - 2.53%	0.35% - 0.47%	0.321% - 0.357%[2]
Oracle Diversified Growth Fund	5.8%	3.3%	0.44%[3]	0.278%
Oracle Index Linked Gilts Fund	1.9%	-0.6%	0.10%	0.034%
Threadneedle Pension Property Fund	5.9%	3.4%	0.78%	0.000%[4]

[1] Figures for the Lifestyle Options 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 of 2020 as the funds were only recently introduced to the Plan. The transaction cost figure shown are therefore not four-year averages.

[3] Over the Plan year, changes were made to the Oracle Diversified Growth Fund and this had an impact on the TER of the fund over the Plan year. For the purposes of the illustrations, we have used the TER as at 31 March 2022.

[4] 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 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. Where transaction costs are shown as a negative figure, we have assumed these to be zero when considering the funds to be used for the illustrations and when producing the illustrations themselves

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 in some cases.

Annual Governance Statement (Cont)

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.

Years of investment from 31 May 2022	Starting pot size £15,000		Starting pot size £50,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£15,424	£15,319	£51,415	£51,064	£77,122	£76,597
5	£17,245	£16,666	£57,485	£55,553	£86,227	£83,330
10	£19,827	£18,517	£66,090	£61,724	£99,135	£92,585
15	£22,795	£20,574	£75,984	£68,579	£113,976	£102,869
20	£26,208	£22,859	£87,358	£76,196	£131,038	£114,294
25	£30,131	£25,398	£100,436	£84,659	£150,654	£126,989
30	£34,641	£28,219	£115,471	£94,062	£173,206	£141,093
35	£39,827	£31,353	£132,757	£104,509	£199,135	£156,764

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2022, when they came to retire in 10 years' time the savings pot could be £19,827 if no charges are applied but £18,517 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.

Years from taking benefits	Starting pot size £15,000		Starting pot size £50,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£15,196	£15,113	£50,652	£50,377	£75,979	£75,566
5	£16,366	£15,858	£54,552	£52,861	£81,829	£79,291
10	£18,461	£17,225	£61,538	£57,417	£92,306	£86,126
15	£20,825	£18,710	£69,417	£62,366	£104,126	£93,549
20	£23,492	£20,322	£78,306	£67,741	£117,459	£101,612
25	£26,500	£22,074	£88,333	£73,580	£132,499	£110,370
30	£29,893	£23,977	£99,644	£79,922	£149,465	£119,884
35	£33,721	£26,043	£112,403	£86,811	£168,604	£130,217

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2022, when they came to retire in 10 years' time the savings pot could be £18,461 if no charges are applied but £17,225 with charges applied.

Annual Governance Statement (Cont)

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 £15,000		Starting pot size £50,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£14,978	£14,875	£49,927	£49,585	£74,890	£74,377
5	£15,676	£15,125	£52,252	£50,416	£78,379	£75,625
10	£17,683	£16,429	£58,943	£54,762	£88,415	£82,143
15	£19,947	£17,845	£66,491	£59,482	£99,736	£89,223
20	£22,501	£19,383	£75,005	£64,609	£112,507	£96,913
25	£25,383	£21,053	£84,609	£70,178	£126,913	£105,266
30	£28,633	£22,868	£95,443	£76,226	£143,164	£114,340
35	£32,299	£24,839	£107,664	£82,797	£161,496	£124,195

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2022, when they came to retire in 10 years' time the savings pot could be £17,683 if no charges are applied but £16,429 with charges applied.

Oracle Index Linked Gilts Fund

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

Years of investment from 31 May 2022	Starting pot size £15,000		Starting pot size £50,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£14,912	£14,893	£49,707	£49,642	£74,561	£74,463
5	£14,566	£14,471	£48,554	£48,235	£72,830	£72,353
10	£14,145	£13,960	£47,149	£46,533	£70,724	£69,799
15	£13,736	£13,467	£45,785	£44,890	£68,678	£67,335
20	£13,338	£12,992	£44,461	£43,306	£66,691	£64,959
25	£12,952	£12,533	£43,175	£41,777	£64,762	£62,666
30	£12,578	£12,091	£41,926	£40,303	£62,888	£60,454
35	£12,214	£11,664	£40,713	£38,880	£61,069	£58,320

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2022, when they came to retire in 10 years, the savings pot could grow to £14,415 if no charges are applied but to £13,960 with charges applied.

Annual Governance Statement (Cont)

Threadneedle Pension Property 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 2022	Starting pot size £15,000		Starting pot size £50,000		Starting pot size £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£15,498	£15,383	£51,659	£51,278	£77,488	£76,917
5	£17,658	£17,018	£58,861	£56,725	£88,292	£85,088
10	£20,788	£19,307	£69,293	£64,355	£103,940	£96,533
15	£24,472	£21,904	£81,574	£73,012	£122,361	£109,518
20	£28,809	£24,850	£96,031	£82,832	£144,047	£124,248
25	£33,915	£28,192	£113,050	£93,974	£169,576	£140,961
30	£39,926	£31,984	£133,086	£106,614	£199,629	£159,921
35	£47,002	£36,286	£156,673	£120,955	£235,009	£181,432

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2022, when they came to retire in 10 years, the savings pot could be £20,788 if no charges are applied but to £19,307 with charges applied.

7. Reporting of Net investment returns

- 7.1. From 1 October 2021, trustees of all relevant pension schemes, are required to calculate and state the annualised return, net of transaction costs and charges, of all of the investment options members were able to select, and in which members' assets were invested, during the Plan year.
- 7.2. For the arrangements where the investment returns vary with age, such as for the Drawdown, Cash and Annuity Lifestyle Options, the investment returns must be shown over various periods for a member aged 25, 45 and 55 at the start of the period.
- 7.3. The Oracle Lifestyle Growth Fund was Launched in 2019, returns are only therefore available for two years to the nearest year end quarter.

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- 7.4. All three lifestyle strategies invest in the Oracle Lifestyle Growth Fund until five years before the assumed retirement age, which for the Plan is age 65. On this basis the returns achieved will be identical. We have therefore also considered the situation where a member is age 60 at the start of the investment period and the effect of the lifestyle strategy can be seen. This is reflected in the tables below:

Age at start of investment period	Annualised returns to 31 March 2022	
	1yr net return	2yr net return (p.a.)
25 (all lifestyle strategies)	3.2%	10.0%
45 (all lifestyle strategies)	3.2%	10.0%
55 (all lifestyle strategies)	3.2%	10.0%

Age at start of investment period	Annualised returns to 31 March 2022	
	1yr net return	2yr net return (p.a.)
60 (Drawdown Lifestyle Option)	3.2%	9.9%
60 (Cash Lifestyle Option)	3.2%	9.5%
60 (Annuity Lifestyle Option)	3.2%	9.9%

Annual Governance Statement (Cont)

The individual fund options

The following table provides the annualised performance, over a 1 year and 5 year period, for the self-select options provided through the Plan as well as the Oracle Diversified Growth Fund which is the default for Section 1 Core Funds

Investment option	Annualised returns to 31 March 2022	
	1yr net return	5yr net return (p.a.)
Active		
Oracle Diversified Growth Fund	4.6%	6.1%
Oracle Lifestyle Growth Fund	3.2%	n/a*
Oracle Active Bond Fund	-2.9%	n/a*
BNY Mellon Real Return (closed to new investment)	1.3%	4.6%
BlackRock Diversified Growth Fund	0.2%	4.3%
MFS Meridian Global Equity Institutional Fund	11.0%	10.1%
Oracle Active UK Equity Fund	5.5%	1.9%
Threadneedle Pensions Property Fund	23.8%	6.1%
Oracle Cash Fund	0.0%	0.3%
Invesco Global Target Return	-4.1%	n/a*
Passive		
LGIM Global Equity Fixed Weights 50/50 Index Fund	11.4%	7.1%
Oracle Global Equity Fund	16.8%	11.9%
LGIM UK Equity Fund	13.1%	4.7%
LGIM Over 15 Year Gilts Index Fund	-8.1%	0.7%
Oracle Index Linked Gilt Fund	4.3%	2.6%
LGIM Corporate Bond All Stocks Index Fund	-5.0%	1.1%
LGIM Ethical UK Equity Index Fund	13.5%	4.8%

*N/A = fund performance unavailable for these funds, as launched later.

Notes: all data has been sourced from Phoenix and the Trustee is reliant on Phoenix and the underlying investment managers for the accuracy of this data. You should be aware that past performance is no guide to the future and the value of investments can go down as well as up. You should review your investment choices regularly to ensure they continue to meet your needs.

Annual Governance Statement (Cont)

8. Value for members

- 8.1. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 8.2. The Trustee undertook such analysis together with their professional advisers Isio with the findings and the Plan's position relative to his peers set out in a report. The Trustee has considered this report and confirmed its assessment of value for members, effective as at 31 May 2022, as set out below.
- 8.3. 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:
 - 8.3.1. Plan charges
 - 8.3.2. Investment
 - 8.3.3. Retirement support
 - 8.3.4. Governance
 - 8.3.5. Administration
 - 8.3.6. Education and Engagement
- 8.4. The assessment takes into account available research on the costs and features of other DC schemes for comparison purposes in respect of the six core benefit categories identified above. The assessment for this Plan year was completed in August 2022.
 - 8.4.1. Plan charges
 - Based on the profile of the Plan arrangements, the Trustee believes that the Plan charges are competitive when compared to current market rates.
 - The charges paid by members for the default investment arrangements and the majority of self-select funds are below the statutory Charge Cap.
 - The Trustee regularly monitors transaction costs.
 - 8.4.2. Investment
 - The Plan is ahead of the market in this area; the investment choices available have been designed, following advice from the Plan's investment adviser, with the specific needs of members in mind and are reviewed regularly.
 - The growth phase of the default strategies are well diversified.
 - There is a range of pre-retirement lifestyle options available to members.
 - There is a wide range of funds for members to self-select including main and alternative asset classes.
 - 8.4.3. Retirement support
 - The Plan is ahead of the market in this area for similar, closed schemes but the Trustee could consider reviewing the at retirement process to ensure members needs are met and that members are well educated on retirement options.

Annual Governance Statement (Cont)

8.4.4. Governance

- The Plan is ahead of the market in this area.
- 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.
- Governance costs are met by the Employer.

8.4.5. Administration

- The Plan is ahead of the market in this area with most areas receiving the highest scoring possible.
- 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.

8.4.6. Education and Engagement

- The Plan is broadly in line with the market in this area.
- The Trustee has a communications strategy, regularly reviews member communications and makes good use of technology
- Members have access to information and modelling tools to aid their retirement journey although the tools are not bespoke to the Plan.
- The Trustee could consider if it would be possible to provide additional support especially to deferred members not in service with the Employer although it is expected that their current employer and ongoing pension provider will have provision in place.

8.5. Overall, the Trustee is confident that the Plan provides good value for members.

9. Trustee knowledge and understanding

The Trustee Board

9.1. 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

9.2. 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.

9.3. Dalriada representatives are familiar with the Plan's 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.

Annual Governance Statement (Cont)

- 9.4. 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 (TPR) 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.
- 9.5. 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, they 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.
- 9.6. The Dalriada representatives are also able to call on colleagues with specific expertise as and when required. In particular Simon Cohen and David Fogarty have both sat on the Investment Sub Committee during the year to allow the Plan to benefit from the pensions scheme investment experience and expertise. David Fogarty also played a key role in the review of Investment Consultancy provision and the ongoing review of the Section 1 Core Fund default strategy.
- 9.7. 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.
- 9.8. Over the Plan year, representatives of Dalriada have undertaken training and attended seminars which include, but are not limited to:
 - 9.8.1. DC governance and future regulatory change and how these developments will need to be accommodated through the Plan
 - 9.8.2. Developing regulations regarding the incorporation of Environmental, Social and Governance (ESG) factors and how such factors are integrated by the Plans investment managers.
 - 9.8.3. DC investment options, trends and communications
 - 9.8.4. Developing regulations regarding the Pensions Regulator's Single Code of Practice, the Funding code and Pensions Dashboards
 - 9.8.5. Pensions Legal updates
 - 9.8.6. Various external seminars, conferences, webinars and other virtual events.
- 9.9. 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.

Annual Governance Statement (Cont)

Access to professional advice

- 9.10. 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.
- 9.11. 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.
- 9.12. Over the Plan year, the Trustee received advice and consulted with its professional advisers on the following:
- 9.12.1. Changes to the Oracle Diversified Growth Fund which were implemented over the Plan year.
 - 9.12.2. Amendments to the Plan SIP.
 - 9.12.3. Undertaking the annual value for members assessment.
 - 9.12.4. A review of the Section 1 Non-Core Funds and Section 2 Funds. Any changes arising from this review will be set out in next year's Statement.

Trustee's knowledge of the Plan's governing documentation

- 9.13. 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:
- 9.13.1. The Trustee reviewed the Plan's SIP and this was updated to reflected the investment changes described in Section 3 of this Statement.
 - 9.13.2. The risk register is reviewed at least annually (the last detailed review was carried out in October 2021) to ensure that all relevant risks have been identified.
 - 9.13.3. The member communication materials are updated each tax year and reviewed by the Trustee.
 - 9.13.4. The 2021 Annual Governance Statement.
 - 9.13.5. The 2021 Report & Accounts.
 - 9.13.6. The 2021 Implementation Statement.

Annual Governance Statement (Cont)

Assessment

9.14. The Trustee considers that the combined knowledge, skills and understanding of the Trustee Board, together with the advice available to the Trustee from its professional advisers, enables the Trustee to properly exercise its Trustee functions in the following ways:

9.14.1. The Trustee is able to challenge and question advisers, service providers and other parties effectively

9.14.2. Trustee decisions are made in accordance with the Plan rules and in line with trust law duties

9.14.3. Trustee decisions are not compromised by such things as conflicts or hospitality arrangements

.....

Adrian Kennett, for and on behalf of Dalriada Trustees Limited

Chair of the Trustee

.....

Date

Appendix 1 – Statement of Investment Principles

Oracle UK Pension Plan
Statement of Investment Principles (“SIP”)
February 2022

1. Introduction

- 1.1 The Trustee of the Oracle UK Pension Plan (the “Plan”) has drawn up this Statement of Investment Principles (the “Statement”) to comply with the requirements of the Pensions Act 1995 (the “Act”) and subsequent legislation. The Statement is intended to affirm the investment principles that govern the decisions about the Plan’s investments. The Trustee’s investment responsibilities are governed by the Plan’s Trust Deed and Rules.
- 1.2 In preparing this Statement, the Trustee has consulted a suitably qualified person by obtaining written investment advice from its Investment Consultant, Isio Group Limited (“Isio”). Where matters described in this Statement may affect the Plan’s funding policy, input has been obtained from the Plan Actuary.
- 1.3 This Statement is available to Plan members on request and is published publicly at <https://myoraclepension.com/>.
- 1.4 The Trustee will monitor compliance with and review this Statement at least once every three years and will review it without delay if there are relevant, material changes to the investment arrangements, the Plan and/or the Sponsor. Any such review will be based on written expert investment advice and will be in consultation with the Sponsor.

On behalf of Dalriada Trustees Limited as Trustee of the Oracle UK Pension Plan

(A signed version of this document is retained with the Trustee)

Appendix 1 (Cont)

2. Plan Structure

- 2.1 The Plan is comprised of two sections, Section 1 and Section 2: Section 1 is a hybrid of a Defined Contribution ("DC") Plan with a Defined Benefit ("DB") Underpin where Core funds (relating to normal employee and employer contributions) are held on a DC basis but subject to a Pension Underpin on retirement or transfer. Section 2 is pure DC. Both sections are closed to future contributions.

- 2.2 As part of Section 1 investments, the Trustee holds assets in a Trustee Reserve Account and Pensioner Reserve Fund, to support the value of the DB underpin.

'Section 1' DC Investments

- 2.3 Section 1 is available for members' benefits accrued prior to 1 June 2004.
- 2.4 The default investment option for Section 1 Core funds is the Oracle Diversified Growth Fund.
- 2.5 Section 1 Core funds relating to employee contributions can be invested in the self-select options detailed in Appendix D.
- 2.6 Section 1 non-core funds can be invested in the lifestyle investment or self-select options detailed in Appendix D (self-select) and Appendix E (lifestyle). Members can combine the investment funds in any proportion to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances.

'Section 2' DC Investments

- 2.7 Section 2 is available for benefits accrued after 1 June 2004.
- 2.8 Section 2 contributions can be invested in the lifestyle investment or self-select options detailed in Appendix D (self-select) and Appendix E (lifestyle). Members can combine the investment funds in any proportion to determine the balance between different kinds of investments. This will also determine the expected return on a member's assets and should be related to the member's own risk appetite and tolerances.

Trustee Reserve Account

- 2.9 Assets held in the Trustee Reserve Account are invested in the Oracle Diversified Growth Fund. If such assets are called upon to meet the cost of a DB underpin benefit applying for a Section 1 member at the point of their retirement or transfer to another pension scheme, such required funds are transferred to the Pensioner Reserve Fund on retirement or paid as part of a transfer value to another pension scheme.

Pensioner Reserve Fund

- 2.10 The Trustee pays members' pensions relating to Section 1 Core funds from the Pensioner Reserve Fund.

Appendix 1 (Cont)

3. Governance

- 3.1 The Trustee of the Plan makes all major strategic decisions and is responsible for the investment of the Plan's assets. This includes, but is not limited to, the asset allocation for Section 1 Core funds, lifestyle investment options, Trustee Reserve Account and Pensioner Reserve Fund investments, and the appointment and termination of investment managers.
- 3.2 The Trustee decides what decisions or responsibilities to delegate after considering whether they have the necessary internal skills, knowledge and professional support to make informed and effective decisions. When appropriate, the Trustee takes proper written advice.
- 3.3 The Trustee's investment advisers, Isio, are qualified by their ability in, and practical experience of, financial matters and has the appropriate knowledge and experience as required under the Pensions Act 1995.
- 3.4 The Trustee delegates the day-to-day investment decisions of the Plan's assets to a range of Investment Managers through an investment platform provided by Phoenix Life Limited, a member of the Phoenix Group ("Phoenix"). The platform provided by Phoenix allows for easier management of investment flows and governance of the underlying managers. The platform itself is established by Phoenix Group as a life policy. The Trustee is responsible for the selection, appointment, removal and monitoring of the chosen underlying investment managers.
- 3.5 The Trustee, with the help of their investment adviser, has taken steps to satisfy itself that the investment managers have the appropriate knowledge and experience for managing the Plan's investments and that the managers are carrying out their work competently.
- 3.6 The Trustee expects the investment managers to manage the assets delegated to them in line with the principles in this statement so far as is reasonably practical.
- 3.7 Further detail on the Trustee's policies in relation to investment management and fund governance can be found in Appendix A.

4. Investment objective

Section 1 Core, Trustee Reserve Account and Pensioner Reserve Fund assets

- 4.1 The Trustee invests Section 1 Core assets of the Plan and the Trustee Reserve Account with the aim of ensuring that all members' current and future benefits can be paid, while investing in line with defined contribution market practices. The Plan's funding position relative to the value of the DB Underpin is reviewed on an ongoing basis to assess the position relative to the funding target, and whether the investment arrangements remain appropriate to the Plan's circumstances.
- 4.2 In respect of the Pensioner Reserve Fund, the Trustee aims to use a largely bond approach (with a balance between inflation-linked and fixed intended to mirror the characteristics of the liabilities) but with some growth assets alongside to support improving the security of the benefits in the medium term.

Appendix 1 (Cont)

- 4.3 The overall investment objective within Section 1 is consistent with the funding target, as stated in the Plan's Statement of Funding Principles. Both the investment objective for Section 1 Core assets and the funding target takes into account the strength of the sponsoring employer's covenant and the parent company guarantee.

Section 1 Non-core and Section 2 assets

- 4.4 After taking advice, the Trustee decided to make three lifestyle options available for Section 1 Non-core and Section 2 funds. Each strategy automatically switches investments to align funds with the way in which members intend to take their benefits at retirement.
- 4.5 The lifestyle options target either: Cash, Drawdown (variable income) or Annuity (secured income) at retirement. Details of the lifestyle options are set out in Appendix E.
- 4.6 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 or wish to target an alternative method of income upon retirement. The lifestyle switching periods commence five years before a member's selected retirement age.
- 4.7 For all lifestyle options, the lifestyle strategy's growth phase invests in equities and other growth-seeking assets that will provide growth with an element of diversification, and some protection against inflation. As members approach retirement, the allocation then gradually changes to be aligned with the member's preferred option at retirement.
- 4.8 Members do not have to take their benefits in the pre-selected format at retirement. Members who intend to take their retirement benefits through other formats have the option of switching to an alternative lifestyle strategy prior to retirement or choosing their own investment strategy through the range of self-select fund options available to members.

5. Investment strategy

Section 1 Core, Trustee Reserve Account and Pensioner Reserve Fund – DB Underpin

- 5.1 The Trustee takes a holistic approach to considering and managing risks when formulating the Plan's investment strategy for assets related to the DB Underpin. The asset allocation strategy the Trustee has selected is designed to balance investing to meet the likely benefit obligation, taking into account the value of the DB underpin, and investing in line with defined contribution market practices.
- 5.2 The Plan's DB Underpin investment strategy was derived following careful consideration of the risk factors set out in Appendix B. The considerations include both financial and non-financial considerations, the nature and duration of the DB Underpin liabilities, the risks of investing in the various asset classes, the implications of the strategy (under various scenarios) for the level of employer contributions required to fund the Plan, and also the strength of the sponsoring company's covenant. The Trustee considered the merits of a range of asset classes.

Appendix 1 (Cont)

- 5.3 The Trustee recognises that the investment strategy is subject to risks, in particular the risk of a mismatch between the performance of the assets and the calculated value of the DB Underpin. This risk is monitored by regularly assessing the funding position and the characteristics of the assets and DB Underpin liabilities. This risk is managed by investing in assets which are expected to perform in excess of the liabilities over the long term, and also by investing in a suitably diversified portfolio of assets with the aim of minimising (as far as possible) volatility relative to the liabilities.
- 5.4 Taking into account the demographics of the Plan's membership and the Trustee's views of how the membership will behave at retirement, the Trustee believes that the investment strategy is appropriate.
- 5.5 To ensure this remains appropriate, the Trustee has agreed to undertake an annual review of the investment strategy, with a detailed investment strategy carried out at least triennially, or in the event of significant changes to the Plan's demographic, if sooner.

Section 1 Non-core and Section 2

- 5.6 All of the funds allocated to within the lifestyle investment options are also available as self-select options.
- 5.7 In selecting assets, the Trustee considers the liquidity of the investments in the context of the likely needs of members. All funds are daily-dealt pooled investment arrangements, with assets mainly invested on regulated markets and therefore should be realisable upon member request.
- 5.8 In agreeing the range of pooled investment funds available to members for self-select, the Trustee considered the typical needs and risk tolerances of the members. The Trustee recognises that members of the Plan have differing investment needs and that these may change during the course of members' working lives. The Trustee believes that members should be able to make their own investment decisions based on their individual circumstances should they desire.
- 5.9 It is the Trustee's policy to offer both active and passive management options to members, depending on asset class.

6. Investment Management Arrangements

Responsibilities of investment managers

- 6.1 Phoenix, and the investment managers appointed by the Trustee to manage the Plan's assets via the Phoenix platform, are regulated under the Financial Services and Markets Act 2000. Furthermore, the assets of the Plan consist predominantly of investments which are traded on regulated markets.
- 6.2 The Plan's assets are invested in an insurance policy with Phoenix. The custody of the holdings is also arranged by Phoenix.
- 6.3 All decisions about the day-to-day management of the assets have been delegated to the underlying investment managers via a written agreement via Phoenix, as overseer of the Plan's assets. The delegation includes decisions about:

Appendix 1 (Cont)

- 6.3.1 Selection, retention and realisation of investments including taking into account all financially material considerations in making these decisions;
- 6.3.2 The exercise of rights (including voting rights) attaching to the investments;
- 6.3.3 Undertaking engagement activities with investee companies and other stakeholders, where appropriate.
- 6.4 The Trustee takes investment managers' policies into account when selecting and monitoring managers. The Trustee also takes into account the performance targets the investment managers are evaluated on.

Investment fees and charges

- 6.5 The investment advisers' remuneration may be a fixed fee or on a time costs basis as agreed in advance, as negotiated by the Trustee in the interests of obtaining best value for the Plan.
- 6.6 The Trustee assesses the Plan's investment adviser against a number of strategic objectives, as set by the Trustee on an annual basis, to ensure they continue to receive advice which delivers positive outcomes for the Plan's members and achieves value for money for the Plan.
- 6.7 The Trustee believes that the best metric to evaluate the Plan's underlying investment managers is on long-term performance, net of fees.
- 6.8 Investment managers are remunerated through a percentage of the Plan's assets invested in their respective fund(s) (an Annual Management Charge ("AMC")). In addition, fund managers may pay commissions to third parties on trades they undertake in the management of the assets. The Trustee reviews these costs at least annually to ensure that the costs incurred are commensurate with the goods and services received and represent good value for the Plan's members.
- 6.9 The Trustee believes 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. The Trustee therefore believes it is important to understand all the different costs and charges, which are paid implicitly by members. These include:
 - 6.9.1 Explicit charges, such as the AMC, and additional expenses disclosed by investment managers as part of the Total Expense Ratio ("TER");
 - 6.9.2 implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund. The Trustee defines 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.
- 6.10 Investment manager fees are member-borne, through the encashment of units from their respective funds. The Trustee's investment adviser 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.
- 6.11 No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee expects its investment adviser to

Appendix 1 (Cont)

highlight if these costs and charges appear unreasonable when they are collected as part of the Chair's Statement exercise.

- 6.12 The current TER for each underlying fund option are detailed in Appendix F.

Environment, Social and Governance ("ESG") considerations

- 6.13 The Trustee believes that environmental, social, and corporate governance ("ESG") factors may have a material impact on investment risk and return outcomes. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.
- 6.14 The Trustee acknowledges that the only way it can directly influence the ESG policies and practices of the companies in which the Plan invests (via underlying pooled funds) is to only choose funds with policies which are consistent with the Trustee's beliefs. The Trustee has demonstrated this through the recent change to the underlying structure of the Oracle DGF (selecting the LGIM Future World Global Equity Index Fund as the preferred passive equity mandate).
- 6.15 The Trustee expects ESG to be a key consideration in its ongoing review of the suitability of managers. In any event, the Trustee expects its fund managers and investment adviser to take account of financially material considerations when carrying out their respective roles.
- 6.16 As the Plan invests via pooled funds, the Trustee has delegated full discretion to investment managers in evaluating ESG factors, including climate change considerations, and exercising voting rights and stewardship obligations attached to the investments, in accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.
- 6.17 The Trustee has made an Ethical fund available to members as a self-select option, for those wishing to invest in a fund with these specific considerations. The Trustee has also appointed an ESG-focussed equity fund within the Oracle Diversified Growth Fund constituents for Section 1 core contributions.
- 6.18 Acknowledging that the Trustee can't directly influence the ESG policies of the underlying funds the Plan invests in, the Trustee has undertaken the following measures:
- 6.18.1 The Trustee completed a detailed review of each of the Plan's underlying investment fund's exposure to a range of key ESG factors (both positive and negative exposures) to ensure no fund was deemed to be unduly invested in stocks or securities exhibiting negative ESG credentials.
- 6.18.2 The Trustee ensures that any investment manager appointed to manage the Plan's assets are signatories of the United Nations Principles for Responsible Investment ("UNPRI").
- 6.18.3 The Trustee considers how ESG, climate change and stewardship are integrated within investment processes in monitoring existing Investment Managers. Monitoring is undertaken on a regular basis and is documented at least annually. The Trustee makes use of ESG ratings provided by Isio to facilitate this.

Appendix 1 (Cont)

7. Investment Manager Monitoring and Engagement

- 7.1 The Trustee monitors the Plan's investment strategy and the investment options made available to Plan members on an ongoing basis to ensure this remains aligned with the Trustee's investment objectives. The Trustee also periodically engages with the Plan's investment managers and other stakeholders on a variety of issues. Below is a summary of the areas covered and how the Trustee seeks to engage on these matters with their investment adviser and investment manager:

Areas for engagement	Method for monitoring and engagement	Circumstances for additional monitoring and engagement
Performance, Strategy, Funding and Risk	<ul style="list-style-type: none"> The Trustee receives a quarterly performance report which details information on the underlying investments' performance, strategy, funding relative to the DB Underpin and overall risks, which are considered at the relevant Trustee meeting. The Plan's investment managers are periodically invited, in person, to present to the Trustee on their performance, strategy and risk exposures. 	<ul style="list-style-type: none"> There are significant changes made to the investment strategy. The risk levels within the assets managed by the investment managers have increased to a level above and beyond the Trustee's expectations. Underperformance vs the performance objective over the period that this objective applies.
Environmental, Social, Governance factors and the exercising of rights	<ul style="list-style-type: none"> The Trustee's investment managers provide annual reports on how they have engaged with issuers regarding social, environmental and corporate governance issues. The Trustee receives information from their investment adviser on the investment managers' approaches to engagement. 	<ul style="list-style-type: none"> The manager has not acted in accordance with their policies and frameworks. The manager's policies are not in line with the Trustee's policies in this area.

- 7.2 Where investments or investment managers underperform, the Trustee will review the relevant investment manager's appointment and will consider terminating the arrangement.

8. Employer-related investments

- 8.1 The policy of the Trustee is not to hold any employer-related investments as defined in the Pensions Act 1995 and the Occupational Pension Plans (Investment) Regulations 2005 except where the Plan invests in collective investment Plans that may hold employer-related investments. In this case, the total exposure to employer-related investments will not exceed 5% of the Plan's total asset value. The Trustee will monitor this on an ongoing basis to ensure compliance.

Appendix 1 (Cont)

Appendix

Appendix A: Investment management and fund governance policies

Appendix B: Risks, Financially Material Considerations and Non-Financial matters

Appendix C: Fund list - Section 1 Core contributions, Trustee Reserve Account and Pensioner Section Funds

Appendix D: Section 1 Non-Core contributions and Section 2 Self-select fund options and funds underlying Lifestyle investment options

Appendix E: Lifestyle Investment Options

Appendix F: Fund Charges

Appendix 1 (Cont)

Appendix A: Investment management and fund governance policies

The Trustee has the following policies in relation to the investment management arrangements for the Plan:

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	<ul style="list-style-type: none"> As the Plan invests via pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. This is reviewed on an ongoing basis.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	<ul style="list-style-type: none"> The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements held between the investment manager and Phoenix. The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	<ul style="list-style-type: none"> The Trustee reviews the performance of all the Plan's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. Investment manager fees are monitored to make sure the correct amounts have been charged. The Trustee's investment adviser ensures these remain competitive.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	<ul style="list-style-type: none"> The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.
The duration of the Plan's arrangements with the investment managers	<ul style="list-style-type: none"> The duration of the arrangements is considered in the context of the type of fund the Plan invests in. <ul style="list-style-type: none"> For open ended funds, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held. The Plan does not invest directly in any close-ended funds or funds with a lock-in period, in line with the Trustee's objectives and Plan's liquidity requirements.

Appendix 1 (Cont)

Appendix B: Risks, Financially Material Considerations and Non-Financial matters

A non-exhaustive list of risks, financially material considerations and non-financial matters that the Trustee has considered and sought to manage is shown below.

The Trustee adopts an integrated risk management approach. The three key risks associated within this framework and how they are managed are stated below:

Risks	Definition	Policy
Investment	The risk that the Plan's funding position deteriorates relative to the value of the DB Underpin due to the assets underperforming.	<ul style="list-style-type: none"> Selecting an investment objective that is achievable and is consistent with the Plan's funding basis and the sponsoring company's covenant strength. Investing in a diversified portfolio of assets.
Funding	The extent to which there are insufficient Plan assets available to cover ongoing and future liability cash flows in respect of the DB Underpin, after allowing for guarantees provided by the sponsoring employer.	<ul style="list-style-type: none"> Funding risk is considered as part of the Section 1 investment strategy review and the actuarial valuation of the DB Underpin liabilities. The Trustee will agree an appropriate basis in conjunction with the investment strategy to ensure an appropriate journey plan is agreed to manage funding risk over time.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Plan in respect of the DB Underpin liabilities.	<ul style="list-style-type: none"> When developing the Plan's investment and funding objectives, the Trustee takes account of the strength of the covenant and associated guarantees, ensuring the level of risk the Plan is exposed to is at an appropriate level for the covenant to support.

The Plan is exposed to a number of underlying risks relating to the Plan's investment strategy in respect of the DB Underpin, these are summarised below:

Risk	Definition	Policy
Interest rates and inflation	The risk of mismatch between the value of the Plan's assets and present value of DB Underpin liabilities from changes in interest rates and inflation expectations.	To invest, where practical and deemed suitable, in assets which are expected to partially match the movements of the DB Underpin arising from interest rates and inflation.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due.

Appendix 1 (Cont)

Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.
Environmental, Social and Governance ("ESG")	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan's investments.	To appoint managers who satisfy the following criteria, unless there is a good reason why the manager does not satisfy each criterion: 1. Responsible Investment ('RI') Policy / Framework 2. Implemented via Investment Process 3. A track record of using engagement and any voting rights to manage ESG factors 4. ESG specific reporting 5. UN PRI Signatory The Trustee monitor the managers on an ongoing basis.
Currency	The potential for adverse currency movements to have an impact on the Plan's investments.	There are currently no arrangements to hedge currency risk, but there are domestic products available to members.
Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	Non-financial matters are not taken into account in the selection, retention or realisation of investments.

Further key risks relating to Section 1 non-core and Section 2 contributions include:

Risk	Definition	Policy
Inflation risk	The risk that the real value (i.e. post inflation) value of members' accounts decreases.	The Trustee provides members with a range of lifestyle options and self-select funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds). Members are able to set their own investment allocations, in line with their risk tolerances.
Pension conversion risk	The risk that members' investments do not match how they would like to use their pots in retirement, based on their preferred choice of lifestyle option.	The lifestyle strategies increase the proportion of assets that more closely match the chosen retirement destination as members approach retirement. This aims to reduce the risk of a substantial fall in the purchasing power of their accumulated savings near retirement in accordance with their preferred retirement option.

Appendix 1 (Cont)

Appendix C: Fund list - Section 1 Core contributions, Trustee Reserve Account and Pensioner Section Funds

Section 1 Core Employee and Employer contributions, and assets held in respect of the Trustee Reserve Account, are invested in the Oracle Diversified Growth Fund ("Oracle DGF"):

Fund Name	Investment characteristics	Benchmark	Performance target
Oracle Diversified Growth	<p>Designed to achieve market returns similar to equities, but with an element of diversification by incorporating a diversified fund option alongside passive equity exposure. Equity exposure is gained through an ESG-focussed, passive Equity fund.</p> <p>Composite of 20% BlackRock Diversified Growth Fund and 80% LGIM Future World Global Equity Fund. The fund is rebalanced to the target allocation of the underlying funds on a quarterly basis.</p>	<p>Composite benchmark:</p> <ul style="list-style-type: none"> 80% Solactive L&G ESG Global Markets Index 20% Bank of England Base Rate plus 3.5% p.a. 	Achieve returns in line with the composite benchmark.

Note: At time of production of this document, the Oracle Diversified Growth Fund is transitioning to the structure outlined above in 3 phases between November 2021 and March 2022, from 80% BlackRock Diversified Growth Fund and 20% Aquila Life MSCI World Fund. Details of the interim target strategies and composite benchmarks between this time can be requested from the Trustee, or their investment adviser, if required.

Assets held in the Oracle Pensioner Reserve Fund ("Oracle PRF"):

Fund Name	Investment characteristics	Benchmark	Performance target
Oracle Pensioner Reserve Fund	<p>Low risk option using primarily government bond exposure, but with some growth to support improving the security of the benefits in the medium term. Investments are expected to broadly match the balance between inflation-linked and fixed obligations.</p> <p>Composite of: 42% LGIM Over 5 Years Index Linked Gilts Fund, 28% Aquila Life Up to 5 Years Index Linked Gilt Fund, and 30% BlackRock Diversified Growth Fund. The fund is rebalanced to the target allocation of the underlying funds on a quarterly basis.</p>	<p>Composite benchmark:</p> <ul style="list-style-type: none"> 28% FTSE UK Gilts Index- Linked Up to 5 Years Index 42% FTSE A Index-Linked (Over 5 Year) Index 30% Bank of England Base Rate Plus 3.5% p.a. 	Achieve returns in line with benchmark.

Appendix 1 (Cont)

Appendix D: Section 1 Non-Core contributions and Section 2 Self-select fund options and funds underlying Lifestyle investment options

Individual funds

Fund Name	Investment characteristics	Benchmark	Performance target
BlackRock Diversified Growth Fund	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 periods.
BNY Mellon Real Return Fund (Closed to new investors)	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 to 5-year periods.
Invesco Perpetual Global Targeted Return Fund	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 to 5-year periods.
LGIM Corporate Bond All Stocks Index Fund	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	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 Global Equity Fixed Weights 50/50 Index Fund	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.

Appendix 1 (Cont)

LGIM UK Equity Index Fund	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.
LGIM Over 15 Year Gilts Index Fund	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.
MFS Meridian Global Equity Institutional Fund	Invests in global equity shares outperforming the broad market Global Equity index return. 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 benchmark index over full market cycle.
Threadneedle Pensions Property Fund	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% p.a. over rolling 3-year periods.

White label funds funds

Fund Name	Investment characteristics	Benchmark	Performance target
Oracle Active Bond Fund	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 to 5-year periods.
Oracle Active UK Equity Fund	100% invested in the Majedie UK Equity Fund which actively invests in UK-based equity shares with the aim of outperforming the broad market UK Equity index return. 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.	FTSE All Share Index	Outperform benchmark by 2% p.a. over rolling 3-year periods.
Oracle Cash Fund	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)

Oracle Global Equity Fund	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.
Oracle Index Linked Gilt Fund	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.
Oracle Lifestyle Growth Fund	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

Appendix 1 (Cont)

Appendix E: Lifestyle Investment 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 ReturnBonds	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.

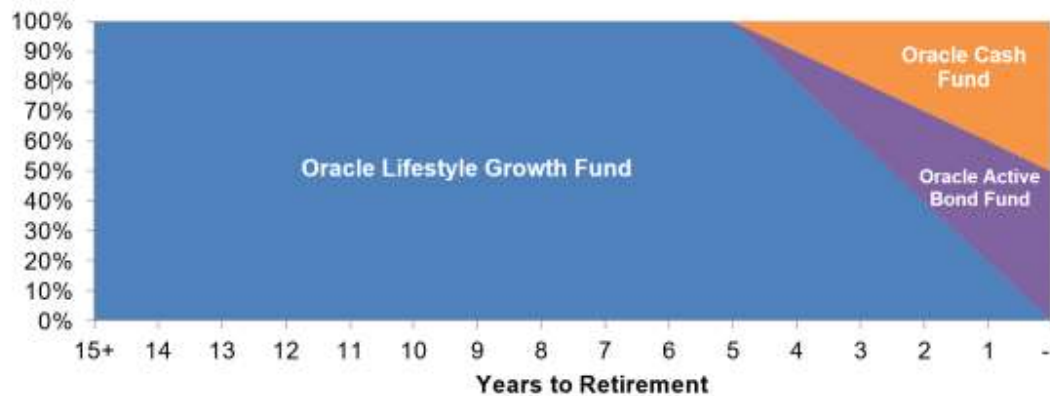
Whilst the member has more than 5 years to retirement, all the lifestyle funds are identical and invest in the Oracle Lifestyle Growth Fund.

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.

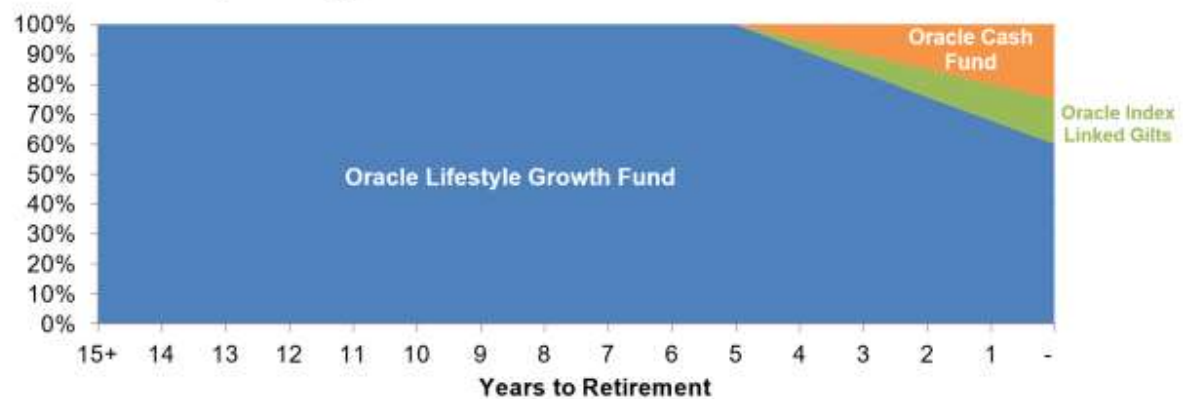
Appendix 1 (Cont)

Charts showing each lifestyle are set out below:

Cash Lifestyle Strategy



Drawdown Lifestyle Strategy



Annuity Lifestyle Strategy



Appendix 1 (Cont)

Appendix F: Fund Charges (as at 31 December 2021)**Section 1 Employer and Employee Core contributions and Trustee Reserve Account assets**

Fund	Total Expense Ratio ("TER") p.a.
Oracle Diversified Growth Fund ¹	0.24%

¹ At time of production of this document, the Oracle Diversified Growth Fund is transitioning to the structure outlined above in 3 phases between November 2021 and March 2022, from 80% BlackRock Diversified Growth Fund and 20% Aquila Life MSCI World Fund. Details of the fee applicable to interim target strategies between this time can be requested from the Trustee, or their investment adviser Isio, if required.

Pensioner Section assets

Fund	Total Expense Ratio ("TER") p.a.
Oracle Pensioner Reserve Fund	0.25%

Section 1 Non-Core contributions and Section 2 assets (Lifestyle and self-select investment options)

Fund	Total Expense Ratio ("TER") p.a.
Active	
Oracle Lifestyle Growth Fund	0.47%
BNY Mellon Real Return Fund	0.70%
BlackRock Diversified Growth Fund	0.59%
Invesco Perpetual Global Targeted Return Fund	0.76%
Oracle Active Bond Fund	0.50%
MFS Meridian Global Equity Institutional Fund	0.72%
Oracle Active UK Equity Fund	0.71%
Threadneedle Pensions Property Fund	0.78%
Oracle Cash Fund	0.19%
Passive	
LGIM Global Equity Fixed Weights 50/50 Index Fund	0.13%
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	0.13%
LGIM Ethical UK Equity Index Fund	0.25%