

THE ORACLE UK PENSION PLAN

(Plan Registration Number 10176821)

ANNUAL REPORT FOR THE YEAR ENDED
31 MAY 2021

Table of contents

The Trustee's Report	1
Independent Auditor's Report to the Trustee of The Oracle UK Pension Plan	19
Summary of Contributions payable in the year	22
Independent Auditor's Statement about Contributions	23
The Financial Statements	25
Notes to the Financial Statements	27
Certificate of Adequacy of Contributions	38
Schedule of Contributions	39
Implementation Statement	42
Annual Governance Statement regarding defined contribution benefits held in The Oracle UK Pension Plan	57
Appendix 1 – Statement of Investment Principles	74

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 2021.

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

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

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

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

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

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

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

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

Management of the Plan

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

Name	Nominated/appointed by
Dalriada Trustees Limited (represented by A Kennett and G McGuinness)	Independent Trustee

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

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

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

The Trustee's Report (Cont)

There were four full Trustee meetings, which included Governance & Operations matters, during the year under review and there were three meetings for the Investment sub committee. 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	Aon Hewitt Limited (resigned November 2020) Isio Group Limited (appointed November 2020)
Legal Advisers	Eversheds LLP
Administrator of the Plan Benefits	Barnett Waddingham LLP
Bankers	Lloyds Bank Plc
Employer Covenant Advisers	Lincoln Pensions Limited
Secretary to the Trustee	N Lee – Oracle Corporation UK Limited

Changes in and other matters relating to Plan advisers

Except those noted above 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 increased by £48,309,144 to £476,555,688 as at 31 May 2021. The increase comprised of a net decrease from dealings with members of £3,627,348 together with a net increase from the return on investments of £51,936,492.

Following recommendations from the Plan Actuary, the Employer was required to make a contribution of £11.2m (2020: £15m) to the Plan during the year.

Plan Audit

The financial statements on pages 25 to 37 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	538		
left (preserved pensioners)		(35)	
retired		(3)	
died		(1)	
		<hr/>	
		(39)	499
Preserved pensioners	4,391		
new (from in service preserved)		35	
retired		(77)	
retired (trivial commutation)		(1)	
retired (small lump sum)		(1)	
transferred out		(37)	
died		(7)	
		<hr/>	
		(88)	4,303
Pensioners and dependants	368		
new pensioners		80	
new dependants		5	
post retirement (trivial commutation)		(3)	
died		(3)	
dependant (trivial commutation)		(1)	
		<hr/>	
		78	446
Grand total members	<hr/> 5,297		<hr/> 5,248

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 2021 was 0.5% (2020: 1.7%). 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 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

The Trustee's Report (Cont)

regular review and set targets for the improvement in the standard of data recorded. More information can be found at:

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

GMP equalisation

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

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

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 will be considering this at a future meeting and decisions will be made as to the next steps. 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 scheme by or on behalf of the employer and the active members of the scheme 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 trustees 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. 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 25 to 37 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 determine that financially material considerations have not been factored into the investment managers' process, it will take this into account on whether to select or retain an investment.

Non-Financially Material Considerations

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

The 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 74. 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 2021 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	50.5	44.9	11.4
Bonds	27.8	36.3	80.5
Cash	15.0	18.0	5.6
Other	6.7	0.8	2.5
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 2021 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 2021			
Fund	1-Year	3-Year (p.a.)	5-Year (p.a.)
Oracle Diversified Growth Fund	15.0%	7.3%	7.4%
80% Bank of England Base Rate +3.5%, 20% MSCI World Index	7.2%	5.8%	6.2%
Oracle Active UK Equity	26.1%	0.9%	-
FTSE All Share Index	23.1%	1.9%	-
BlackRock Diversified Growth Fund	13.2%	6.1%	5.4%
Bank of England Base Rate + 3.5%	3.6%	4.0%	3.9%
LGIM Corporate Bond All Stocks Index Fund	-0.5%	3.6%	3.6%
iBoxx £ Non-Gilts ex BBB All Stocks Index	-0.1%	3.5%	3.7%
LGIM Ethical UK Equity Index Fund	18.3%	1.7%	6.8%
FTSE4Good UK Equity Index	21.5%	2.1%	7.1%
LGIM Global Equity Fixed Weights (50:50) Index Fund	21.2%	6.2%	10.6%
50% FTSE All Share Index, 50% Overseas Equity Indices	23.8%	6.5%	10.8%
LGIM Over 15 Year Gilts Index Fund	-13.0%	3.5%	4.8%
FTSE Actuaries UK Government Over 15 Year Index	-13.2%	3.8%	5.0%
LGIM UK Equity Index Fund	19.5%	1.9%	7.0%
FTSE All Share Index	23.1%	1.9%	7.0%
MFS Meridian Global Equity Institutional Fund	22.6%	12.6%	14.6%
MSCI World Index	22.3%	11.9%	14.8%
BNY Mellon Real Return Fund	15.4%	8.2%	5.4%
1 month LIBOR + 4%	4.0%	4.5%	4.4%
Oracle Cash Fund	0.0%	0.4%	0.3%
7 Day LIBID	-0.1%	0.3%	0.3%

The Trustee's Report (Cont)

Oracle Global Equity Fund	22.3%	12.2%	15.3%
MSCI World Index	22.3%	11.9%	14.8%
Oracle Index Linked Gilt Fund	-3.0%	3.5%	5.0%
50% FTSE UK Gilts Index-Linked Over 5 Years Index, 50% FTSE UK Gilts Index-Linked Under 15 Years Index	-2.5%	3.7%	5.3%
Oracle Pensioner Reserve Fund	2.2%	4.2%	5.1%
28% FTSE UK Gilt Index Linked Up to 5 Years Index, 42% FTSE Index Linked Over 5 years Index, 30% Bank of England Base Rate + 3.5%	-0.2%	3.7%	4.7%
Threadneedle Pensions Property Fund	6.4%	0.1%	2.6%
MSCI / AREF UK All Balanced Quarterly Property Fund	6.8%	3.2%	4.8%
Invesco Global Targeted Returns Fund	-3.9%	-	-
3 month LIBOR + 5%	5.1%	-	-
Oracle Active Bond Fund	6.6%	-	-
3 month LIBOR + 2.5%	2.6%	-	-
Oracle Lifestyle Growth	10.0%	-	-
30% MSCI World Index, 25% 3 month LIBOR + 5%, 25% Bank of England Base Rate +3.5%, 20% 3 month LIBOR + 2.5%	9.2%	-	-

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

The majority of asset classes delivered positive returns over the 12-month period to 31 May 2021, as unprecedented levels of fiscal and monetary support provided by governments and central banks continued to support markets in their recovery from the Covid-19 induced sell-off in March 2020. Despite a series of national lockdowns and resurgences of global Covid-19 cases in Q4 2020, the successful deployment of Covid-19 vaccinations over 2021 boosted investor optimism and the global economic outlook. Investors have, however, remained cautious due to the emergence of new variants, such as the delta variant, and further concern over heightened inflation as economies reopen amid accommodative monetary and fiscal policies.

Global equity markets were the strongest performing asset class over the period, largely due to investor optimism over revenue and profitability outlook as economies reopen. The MSCI World Index returned 37.6% in local currency terms. There was also a reduction in political uncertainty seen towards the end of 2020 following the announcement of the US Presidential election results and the agreement of a trade deal between the UK and EU. During the second half of the period, optimism for the reopening of the global economy was boosted as Covid-19 vaccine numbers rose and global lockdown measures continued to ease. UK equities lagged relative to other markets over the period, with the FTSE All Share delivering 23.1%. This was primarily due to the UK market exposure to sectors which were impacted more severely by Covid-19, such as oil and gas and financials, combined with a number of issues that eventually arose with the EU trade deal and ongoing uncertainty.

Global corporate credit markets overall delivered marginally positive returns over the 12-month period, as credit spreads reduced amid positive investor risk sentiment, particularly for lower-rated securities. The 12-month period was highly volatile for credit markets as significant bond-buying programmes and other monetary support measures led to increased market liquidity and optimism, but also gave rise to inflation concerns from economies overheating which would deplete the value of fixed-income assets.

Government bond valuations fell over the period, as both nominal and real gilt yields increased. Similar to their corporate counterparts, gilt yields were highly volatile as a number of supply and demand factors came into play over the period. Initial demand, which saw yields fall over Q2 and Q3 2020, wavered in the latter part of the period as the UK and EU negotiated a trade deal leading to renewed investor confidence. Furthermore, government bond supply significantly exceeded expectations as the government looked to unprecedented borrowing to protect the UK economy amid the Covid-19 pandemic, whilst inflation concerns over Q1 2021 eroded the overall demand for fixed income assets. Over the period, Fixed Interest and Index-Linked Gilts (over 15 years) delivered returns of -13.2% and -4.3% respectively, with rising inflation somewhat protecting Index-linked Gilt valuations.

The underlying disruptions to the UK economy caused by the Covid-19 outbreak severely impacted property markets during H1 2020, with hotel and leisure sectors the worst affected. Funds with higher allocations to harder hit sectors, such as retail and leisure, were more heavily impacted, notably due to increased protections for tenants and rental freezes.

The Trustee's Report (Cont)

Equity Market Commentary

Global equity markets sharply rebounded over Q2 2020, with investor sentiment towards risk improving as Covid-19 lockdown measures began to ease for the first time since the start of the pandemic, along with further announcements of fiscal and monetary support. The US was the strongest performing region, with positive returns underpinned by a relatively small number of technology firms with lockdown-resilient business models. This was further aided by the unprecedented level of liquidity supplied by the US Federal Reserve. Expansionary monetary policy was also prevalent in Europe, as the European Central Bank increased its pandemic emergency asset purchase programme to c.€1.4 trillion.

During Q3 2020, global equity markets continued to recover from the March pandemic sell-off, despite fears of a second Covid-19 wave and upcoming political uncertainty, namely the US Presidential election and UK and EU trade negotiations. However, a divergence in the recovery between regions became apparent. Whilst most regions benefitted from accommodative monetary and fiscal policy, low interest rates and asset purchase programmes, US equities soared on improved investor sentiment and increased retail activity. UK equities, despite continued economic recovery, underperformed US and Asian equities during the quarter, where the FTSE All Share delivered returns of -2.9%. This was mainly driven by renewed concerns of a disorderly trade negotiations and rising Covid-19 cases in the UK adding to uncertainty.

The fourth quarter of 2020 brought promising news of a Covid-19 vaccine, coupled with additional policymaker support, leading to a rally in equity markets globally. The UK Government extended its furlough and emergency loan schemes, whilst in the US, Congress announced a new stimulus package. Emerging markets posted the largest returns as the region benefitted from a weakening US Dollar and the implications on trade prices and debt repayments. UK equities rebounded strongly over Q4 2020 as a Brexit trade agreement was reached ahead of the deadline, returning 12.6%. At a sectoral level, cyclical stocks rebounded on vaccine hopes, increased demand for crude oil benefitted energy stocks, and improved economic outlook, aided the financial sector.

Q1 2021 saw equity markets continue to deliver positive returns, underpinned by the roll-out of Covid-19 vaccines, economic growth expectations, and further US stimulus announcements. Global central banks continued to maintain expansionary monetary policies through low interest rates and asset purchasing. UK equities benefitted from the continued recovery of lower multiple, cyclical stocks, delivering strong performance over the quarter. US equities also performed positively, with the confirmation of a \$1.9 trillion stimulus package contributing to investor sentiment. As a result of economies re-opening, continued demand for oil resulted in energy being the highest returning sector.

The success of vaccination programmes triggered a rise in consumer and investor optimism, contributing to positive returns for equities globally from 31 March to 31 May 2021. US equities were the strongest performing region, with technology stocks rebounding following relative underperformance since the announcement of a vaccine. UK equities posted robust performance following the continued easing of lockdown restrictions and an improved economic outlook following positive upgrades to UK GDP forecasts. Emerging markets delivered positive returns but underperformed other regions, in part this was due to a sell-off in May as inflation data re-ignited concerns of monetary policy tightening and fears over higher US Dollar denominated debt repayments.

The Trustee's Report (Cont)

Bond Market Commentary

UK Investment Grade Credit

Global credit markets experienced a significant recovery over Q2 2020, where Investment grade (IG) bonds benefitted from tighter spreads. European IG bonds underperformed the UK and US equivalents, however, due to lower capacity for spreads to tighten given their already low levels.

During Q3 2020, credit markets, in general, delivered positive returns over the period which can be attributed to further tightening of credit spreads in June following government and central bank support. However, this rally slowed in August and fell back in September once fears of a second wave started to hit investor confidence; breaking the momentum in the economic recovery.

Credit market indices performed positively over Q4 2020 as investor sentiment was boosted by positive vaccine announcements, US Presidential election results, and continued support from governments and central banks around the world. UK IG bonds delivered 3.9%, ahead of both their European and US counterparts. Credit spreads tightened over Q4, ignoring second wave fears whilst vaccines gained approval. IG outperformed government bonds as investors moved to a 'risk-on' mindset. In Q1 2021, the key driver of credit market returns was rising interest rate expectations and global inflationary fears. As such, interest rate sensitive assets, like IG bonds, performed negatively. This was despite strong demand for newly issued IG bonds and muted spread movements. Both UK and US IG bonds returned c. -4.5% in Q1 2021, European IG bonds returned c. -0.5%.

Over the preceding two months to 31 May 2021, credit markets produced positive returns with spreads tightening due to improved macroeconomic outlook and supportive monetary policy. The FTSE Non-Gilts (all maturities) Index returned 0.9% over the two-month period, benefiting from falling government bond yields and positive risk sentiment.

Gilt Returns

Gilt yields rose over the year following improved investor sentiment as a result of the accelerating uptake of the Covid-19 vaccine and the lifting of lockdown restrictions allowing economies to reopen. Over the period, both Fixed Interest and Index-Linked Gilts (over 15 years) indices delivered returns of -13.2% and -4.3% respectively.

In June, the Bank of England announced a further £100bn of quantitative easing in response to the Covid-19 crisis, resulting in UK gilt yields continuing to decrease further. Both central bank and government actions helped to stabilise yields compared to the volatility seen in Q1 2020.

Over Q3, Gilt yields rose slightly which resulted in negative returns. However, the rise over the period was dampened by a fall in yields in September, influenced by further rhetoric of negative interest rates from the Bank of England.

The year ended with Gilt yields falling slightly, driven in part by the increased demand from central banks as quantitative easing stimulus was extended. The Bank of England announced an increase to its asset purchase program to support the economy as another national lockdown was announced in the UK. Despite the downwards trend in December, gilts yields increased sharply over Q1 largely due to inflationary fears leading to expectations of near-term interest rate rises.

Having rallied over Q1 2021, gilt yields declined over the period 31 March to 31 May 2021 as investors weighed the impact of the COVID-19 delta variant on the promise of an economic reopening and consideration was given to what extent the recent inflationary pressures would be transitory in nature.

The Trustee's Report (Cont)

Property Commentary

Following losses in Q2 2020, both UK Core and Long Lease Property returns stabilised during Q3 2020. This was in part due to large sections of the economy reopening after the first lockdowns, alongside improving investor sentiment and increased UK property transaction levels. Despite sustained uncertainty in Q4 2020, property markets continued to recover from their initial valuation downgrades and provide positive returns. For Core Property, rent collection remained in the region of 60-80%, with retail and hospitality assets being the most adversely impacted. Long Lease Property rent collection ranged from 80-99% in some funds.

Q1 2021 saw UK Core and Long Lease Property produce positive returns, with transaction activity in the UK property market reaching the highest levels since pre-Covid-19. A successful start to the Covid-19 vaccination rollout combined with a heightened economic outlook boosted market sentiment. For Core Property, positive income returns boosted performance, whilst stable capital values implied that further lockdown restrictions were already priced in to 31 December 2020 valuations.

Positive returns continued into Q2 2021, as further relaxation of national restrictions, and subsequent re-opening of retail and leisure properties increased overall rental income. Offices also saw greater activity as employers look towards a balanced work approach.

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 2021 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 2021, 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 trustees' 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	20,833,334
Release of deferred contributions	(9,633,334)
Total contributions payable over the year to 31 May 2021	<u>11,200,000</u>

A deferral of contributions had previously been agreed between the Trustee and the Employer. The balance due from the annual checks for the year was £11,200,000. Along with the brought forward deferred balance of £11,733,331 from the prior year, the total amount due during the year to 31 May 2021 was therefore £22,933,331 (noting that the monthly deficit contributions of £1,666,667 are made against this amount, rather than due in addition to the amounts due from previous annual reviews).

Overall the Employer paid £20,833,334 in deficit contributions to the Plan over the year to 31 May 2021. Therefore the revised deferred amount outstanding at 31 May 2021 was £2,099,997, which is included as a current asset in these financial statements.

Signed on behalf of the Trustee:

Director of Dalriada Trustees Limited

Date: _____

Independent Auditor's Statement about Contributions

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

Qualified statement about contributions payable under schedule of contributions

We have examined the summary of contributions payable to The Oracle UK Pension Plan on page 22, in respect of the scheme year ended 31 May 2021.

In our opinion the contributions for the scheme year ended 31 May 2021 as reported in the attached summary of contributions on page 22 and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the actuary on 10 May 2019 and 23 October 2020 with the exception of those matters noted below.

Basis for qualified statement about contributions under the Schedules of Contributions

As noted in the summary of contributions, the Trustees previously agreed to defer the employer deficit contributions of £15 million which was due in one lump sum payment from the Escrow account by 12 October 2019, being 60 days after the actuarial calculation was completed in accordance with the schedule of contributions certified by the actuary on 10 May 2019. This balance was not paid by 12 October 2019 with monthly payments of £833,333 being paid from January 2019 and £1,666,667 being paid from October 2020 onwards. The outstanding amount at 31 May 2021 was £2.1 million.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 22 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 scheme 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 Trustees' Responsibilities, the scheme's trustees are 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 scheme by or on behalf of the employer and the active members of the scheme. The trustees are also responsible for keeping records in respect of contributions received in respect of active members of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

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

Independent Auditor's Statement about Contributions (Cont)

Use of our statement

This statement is made solely to the scheme's trustees as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the scheme's trustees 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 scheme and the scheme's trustees 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 2021

	Note	31 May 2021		31 May 2020
		Final salary section underpin reserve £	Money purchase section £	Total £
Contributions and benefits				
Employer contributions		11,200,000	-	11,200,000
Total contributions	4	11,200,000	-	11,200,000
Benefits paid or payable	5	(2,211,510)	(3,458,902)	(5,670,412)
Payments to and on account of leavers	6	(2,606,751)	(6,504,236)	(9,110,987)
Administrative expenses	7	(45,466)	(483)	(45,949)
		(4,863,727)	(9,963,621)	(14,827,348)
Net increase / (withdrawal) from dealings with members		6,336,273	(9,963,621)	(3,627,348)
Returns on investments				
Investment income	8	224	177	401
Change in market value of investments	9	3,298,314	48,637,777	51,936,091
Net returns on investments		3,298,538	48,637,954	51,936,492
Net increase in the fund during the year		9,634,811	38,674,333	48,309,144
Transfers between sections	17	5,997,986	(5,997,986)	-
Net assets of the Plan				
At 1 June		65,430,140	362,816,404	428,246,544
At 31 May		81,062,937	395,492,751	476,555,688

The notes on pages 27 to 37 form part of these financial statements.

Statement of Net Assets

available for benefits as at 31 May 2021

	Note	31 May 2021		31 May 2020	
		Final salary section underpin reserve £	Money purchase section £	Total £	Total £
Investment assets:					
Pooled investment vehicles	11	78,307,640	395,258,102	473,565,742	414,887,889
Cash	9	92,000	262,479	354,479	150,927
Total net investments		78,399,640	395,520,581	473,920,221	415,038,816
Current assets	15	2,665,713	710,340	3,376,053	13,807,955
Current liabilities	16	(2,416)	(738,170)	(740,586)	(600,227)
Net assets of the Plan at 31 May available for benefits		81,062,937	395,492,751	476,555,688	428,246,544

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

The notes on pages 27 to 37 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 2021 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 oney 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	2021 Money purchase section	Total
	£	£	£
Employer contributions			
Deficit funding	11,200,000	-	11,200,000
		2020	
Employer contributions			
Deficit funding	15,000,000	-	15,000,000

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.

Prior to agreement of the new Schedule of the Contributions following the 2019 actuarial valuation, under the terms of the actuarial valuation at 31 May 2016, an annual check was carried out to ensure that the Trustee Reserve Account could be expected to meet demands on it over the following three years. The annual checks resulted in contributions due of £15,000,000 in the year to 31 May 2020 and £11,200,000 in the year to 31 May 2021.

A deferral of contributions had previously been agreed between the Trustee and the Employer. The balance due from the annual checks for the year was £11,200,000. Along with the brought forward deferred balance of £11,733,331 from the prior year, the total amount due during the year to 31 May 2021 was therefore £22,933,331 (noting that the monthly deficit contributions of £1,666,667 are made against this amount, rather than due in addition to the amounts due from previous annual reviews).

Overall the Employer paid £20,833,334 in deficit contributions to the Plan over the year to 31 May 2021. Therefore the revised deferred amount outstanding at 31 May 2021 was £2,099,997, which is included as a current asset in these financial statements.

Notes to the Financial Statements (Cont)

5. Benefits paid or payable

	Final salary section underpin reserve	2021 Money purchase section	Total
	£	£	£
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
2020			
Pensions	1,697,719	-	1,697,719
Commutation of pensions and lump sum retirement benefits	211,083	1,701,929	1,913,012
Purchase of annuities on retirement	-	394,596	394,596
Lump sum death benefits	-	522,923	522,923
	1,908,802	2,619,448	4,528,250

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	2021 Money purchase section	Total
	£	£	£
Individual transfers to other schemes	2,606,751	6,504,236	9,110,987
2020			
Individual transfers to other schemes	1,626,807	2,867,393	4,494,200

Notes to the Financial Statements (Cont)

7. Administrative expenses

	Final salary section underpin reserve	2021 Money purchase section	Total
	£	£	£
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
2020			
Levies	23,297	-	23,297
Employer covenant fees	-	-	-
Bank charges	965	387	1,352
Other fees	-	-	-
	24,262	387	24,649

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	2021 Money purchase section	Total
	£	£	£
Interest on cash deposits	224	177	401
2020			
Interest on cash deposits	4,589	2,274	6,863

Notes to the Financial Statements (Cont)

9. Reconciliation of investments

	Value at 31 May 2020 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 May 2021 £
Not allocated to members					
Final salary section underpin reserve					
Pooled investment vehicles					
-Trustee Reserve account	8,886,251	22,803,506	(10,909,363)	2,181,780	22,962,174
-Pensioner Reserve account	43,492,456	12,844,679	(2,108,203)	1,116,534	55,345,466
	52,378,707	35,648,185	(13,017,566)	3,298,314	78,307,640
Cash in transit	-				92,000
	52,378,707				78,399,640
Allocated to members					
Money purchase section					
Pooled investment vehicles	362,509,182	5,906,237	(21,795,094)	48,637,777	395,258,102
Cash in transit	150,927				262,479
	362,660,109				395,520,581

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:

	2021 £	2020 £
Members	395,258,102	362,509,182
Trustee	-	-
	395,258,102	362,509,182

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:

	2021	2020
	£	£
Final salary section underpin reserve		
Multi-asset	78,307,640	52,378,707
	<u>78,307,640</u>	<u>52,378,707</u>
Money purchase section		
Equities	17,685,596	14,738,127
Bonds	8,367,341	8,060,850
Multi-asset	359,493,729	330,747,959
Property	1,139,913	1,154,423
Cash	8,571,523	7,807,823
	<u>395,258,102</u>	<u>362,509,182</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 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
	<u>92,000</u>	<u>78,307,640</u>	<u>-</u>	<u>78,400,000</u>
Money purchase section				
Pooled investment vehicles	-	395,258,102	-	395,258,102
Cash	262,479	-	-	262,479
	<u>262,479</u>	<u>395,258,102</u>	<u>-</u>	<u>395,520,581</u>
	<u>354,479</u>	<u>473,565,742</u>	<u>-</u>	<u>473,920,221</u>

Notes to the Financial Statements (Cont)

12. Fair value determination (Cont)

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

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	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equities	Some exposure	Significant exposure	Negligible exposure	Significant exposure
Bonds	Significant exposure	Negligible exposure	Significant exposure	Negligible exposure
Multi-Asset	Some exposure	Some exposure	Some exposure	Some exposure
Property	Some exposure	Negligible exposure	Some exposure	Some exposure
Cash	Some exposure	Negligible exposure	Some exposure	Negligible exposure

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 74.

Measuring and Managing

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

Credit Risk

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

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

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

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

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

Currency Risk

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

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

Interest Rate Risk

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

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

Other Price Risk

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

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

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

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

Notes to the Financial Statements (Cont)

14. Concentration of investments

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

	2021		2020	
	£	%	£	%
Phoenix CIS Oracle Diversified Growth FDS	260,173,808	54.6	234,702,157	54.8
Phoenix CIS Oracle Pensioner Reserve Fund	55,345,466	11.6	43,492,455	10.2
Oracle Lifestyle Growth Fund	89,956,045	18.9	87,125,814	20.3

15. Current assets

	Final salary section underpin reserve	2021 Money purchase section	Total
	£	£	£
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
2020			
Employer contributions due	11,733,331	-	11,733,331
Cash balances	1,320,519	754,105	2,074,624
	13,053,850	754,105	13,807,955

Included in the money purchase section bank balance is £nil (2020: £2,426) 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	2021 Money purchase section	Total
	£	£	£
Unpaid benefits	(2,376)	(738,170)	(740,546)
Accrued expenses	(40)	-	(40)
	(2,416)	(738,170)	(740,586)
2020			
Unpaid benefits	(2,417)	(597,810)	(600,227)
Accrued expenses	-	-	-
	(2,417)	(597,810)	(600,227)

17. Transfers between sections

	2021 Final salary section underpin reserve	2021 Money purchase section
	£	£
Reclassification of assets	6,011,990	(6,011,990)
2020		
Reclassification of assets	4,784,109	(4,784,109)

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 £135,691 (2020: £52,924).

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 will be considering this at a future meeting and decisions will be made as to the next steps. 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.

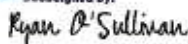
This Schedule has been agreed by the Trustee and the Employer. Changes can be made to this Schedule of Contributions with the agreement of the Trustee and the Employer.



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

23/10/2020

Date

DocuSigned by:

10AA70B05F0C406...

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 September 2020 in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments
- an explanation of how the default strategy is in the best interest of members

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 2021, 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 carried out an investment strategy review in November 2020 of the Oracle Diversified Growth Fund, and agreed to restructure this to consist of:

- An 80% target allocation to Passive Sustainable Global Equity (currently 20% target allocation to Passive Global Equity); and
- A 20% target allocation to Diversified Growth (currently 80% target allocation to Diversified Growth).

The transitional arrangements to action the strategic change outlined above are due to be implemented in the next accounting year period. No other strategic changes have been agreed to date.

Member Core and Non-Core subsection contributions can be invested in a full range of investment options depending on member preference. Over the year, the Trustee implemented an agreed strategic change to replace the BNY Mellon Real Return Fund target allocation within the white labelled Oracle Lifestyle Growth Fund with the Invesco Perpetual Global Target Return Fund.

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 further changes to the range of strategies offered to members in respect of the DC section over the accounting period, and continues to believe it has met the objective of offering a suitable range of strategies and its responsibility for ensuring that members have high quality funds to invest in.

The Trustee monitors the performance of the default arrangement against its aims and objectives on a quarterly basis. This review includes an analysis of fund performance to check that the risk and return levels meet expectations. Performance is reviewed against target benchmarks that have been agreed with the investment managers.

Implementation Statement (Cont)

Trustee policies

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

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Member Expectations	The risk of not meeting Plan members' reasonable expectations, based on members' contributions and fund choices.	The Trustee policy is to review the range of funds offered to members annually, such that they remain suitable to Plan members.	The Trustee reviewed the investment options available to the members over the year and concluded the arrangements remained suitable for managing this risk.
Manager	The risk of fund managers not meeting their performance objectives.	Considered by the Trustee and their advisers, both upon the initial appointment of the fund manager and on an ongoing basis thereafter.	The Trustee monitors the suitability, performance, and adviser ratings of the Plan's fund list regularly throughout the year at quarterly Trustee meetings.
Lifestyle	The risk of the lifestyle strategies or default funds being unsuitable for the requirements of some members.	Members are able to choose a number of options at retirement. The Trustee policy is to review at least annually the funds offered, and the suitability and range of the lifestyle options provided.	The Trustee reviewed the investment options available to members over the year and concluded the arrangements remained suitable for managing this risk.
Operational	The risk of fraud, poor advice or acts of negligence	The Trustee has sought to minimise such risk by ensuring that all advisers and third-party service providers are suitably qualified and experienced, and that suitable liability and compensation clauses are included in all contracts for professional services received.	The investment consultant monitors the fund managers on an ongoing basis, including changes to the team, business, risk management process and operations.
Mismatching	The risk of a significant difference in the sensitivity of asset and liability values (where applicable under the Hybrid scheme structure) to changes in financial and demographic factors	The Trustee and their advisers consider this mismatching risk when setting the investment strategy, as well as on an ongoing basis to ensure this risk is managed.	The Trustee reviews the extent of mismatching and the ongoing suitability of the investment arrangements as part of their quarterly reporting and meeting structure.
Cashflow	The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities.	The Trustee and their advisers manage the Plan's cashflows, considering the timing of future payments to minimise the probability of having insufficient funds.	The Trustee monitors the liquidity risk of assets regularly throughout the year at the quarterly Trustee meetings.

Implementation Statement (Cont)

Covenant	The possibility of failure of the Plan's Sponsoring Employer.	The Trustee and their advisers considered this risk when setting the investment strategy and consulted with the Sponsoring Employer as to the suitability of the proposed strategy.	The Trustee finalised the triennial actuarial valuation and investment strategy review over the accounting year, which took into consideration the Sponsoring Employer's covenant, future deficit recovery contributions as well as securing a number of guarantees.
Environmental, Social and Governance ("ESG")	Exposure to ESG 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 criteria: 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 monitors the investment managers on an ongoing basis.	Further detail provided later in this report.
Non-financial	Any factor that is not expected to have a financial impact on the Plan's investments.	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.	Trustee acknowledged over the accounting year period that the number of ethical funds is limited on the Phoenix platform and fund options available. The Trustee, via their investment adviser, has engaged with Phoenix to increase the list of ESG-focussed fund options available and will consider these for future self-select options and core investment options in future.

Implementation Statement (Cont)

Compliance with SIP policies

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

- The Trustee updated the SIP over the Plan year as detailed in the table below, in accordance with new DWP regulations effective 1 October 2020;
- During the year, as part of the SIP update and a formal ESG review carried out in 2021, the Trustee received training and reviewed their policies on ESG and Stewardship.

Changes to the SIP over the accounting year period

Policies added to the SIP	
Date updated: September 2020	
How the investment managers are incentivised to align their engagement activities and voting decisions with the Trustee's policies.	<ul style="list-style-type: none"> • On an annual basis, the Trustee expects managers to provide aggregate voting information at a fund level and voting rationale for significant votes. • With the help of the Plan's investment advisor, the Trustee reviews the stewardship activities of their investment managers, 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.
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 is invested in 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.
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. • The Trustee monitors the investment managers' engagement and voting activity on a periodic 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 of 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 reviewed periodically to make sure the correct amounts have been charged and that they 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.

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	<ol style="list-style-type: none"> 1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Plan 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee
Approach Framework /	<ol style="list-style-type: none"> 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.

Implementation Statement (Cont)

Reporting Monitoring	&	<p>6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important.</p> <p>7. ESG factors are dynamic and continually evolving; therefore the Trustee will receive training as required to develop their knowledge.</p> <p>8. The role of the Plan'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.</p>
Voting & Engagement		<p>9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach.</p> <p>10. Engaging is more effective in seeking to initiate change than disinvesting.</p>
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>

Implementation Statement (Cont)

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 all of 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	<ul style="list-style-type: none"> BlackRock to evidence how their stewardship activities align with their firm-wide stewardship priorities, particularly their policies on climate change and board diversity. BlackRock to establish KPIs to drive their engagement priorities (e.g. climate change targets). BlackRock should provide reporting that highlights the effectiveness of engagement at a fund level. BlackRock could improve reporting to include voting data, alongside engagement information, and incorporate ESG risk metrics within the regular fund reporting.
BNY Mellon	<ul style="list-style-type: none"> BNY Mellon to develop fund level ESG objectives and set KPIs in relation to these BNY Mellon to report on progress against set objectives and KPIs (as per above)
Invesco	<ul style="list-style-type: none"> Invesco to provide further evidence of how ESG is formally addressed in their investment process (e.g. scorecard). Invesco should look to increase the percentage of meetings with underlying companies where ESG topics are discussed from 29% to 100%. Invesco to look at incorporating ESG metrics into their regular client reporting and seek to engage collaboratively with other investors to reinforce good ESG practices.
LGIM	<ul style="list-style-type: none"> LGIM to consolidate the ESG scores of the underlying portfolio companies to generate a portfolio level score, making it simpler for investors to digest the ESG impact of the fund. LGIM should provide further evidence that they are making progress towards diversity at a firm level and within the portfolio management teams. LGIM should also integrate ESG reporting into their standard, quarterly client reports. Whilst LGIM currently produce numerous, comprehensive reports on ESG, they are separate from the standard reporting.
MFS	<ul style="list-style-type: none"> MFS has recently been added to the Plan's investment adviser's ESG reporting as part of the take on process with Oracle. Actions will be identified as part of our 2021 Impact Assessment process and will be reflected in the 2022 Implementation Statement.
Majedie	<ul style="list-style-type: none"> Majedie to identify specific ESG priorities in their ESG policy and link these priorities to their investment process. This will clearly state what specific ESG factors are used as part of their due diligence process for each company. Majedie should monitor how ESG priorities are implemented at the fund level.

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: 1,757</p> <p>Environmental: 1,231</p> <p>Social: 682</p> <p>Governance: 1,492</p> <p>Note, total engagement does not sum due to engagements often covering multiple engagement themes.</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>Royal Dutch Shell plc:</p> <p>BIS engaged with the company over the year to discuss corporate governance issues that they believe drive shareholder value, including management and board oversight of climate-related risks and sustainability related disclosures.</p> <p>As a result of this, BlackRock supported the Shell Energy Transition Strategy. The Company's strategy met BlackRock's expectations that companies have clear policies and action plans to manage climate risks and to realise opportunities presented by the global energy transition to a low carbon economy.</p>
BlackRock Diversified Growth Fund	<p>Total Engagements: 1,168</p> <p>Environmental: 785</p> <p>Social: 462</p> <p>Governance: 1,017</p> <p>Note, total engagement does not sum due to engagements often covering multiple engagement themes.</p>	<p>BlackRock Engagement process as outlined above.</p> <p>Chevron Corporation:</p> <p>BlackRock discussed a range of topics over the year with Chevron, including corporate governance, climate reporting, greenhouse gas (GHG) and methane emissions reductions, human capital management, and risk oversight processes, among other topics. BlackRock has found Chevron to be receptive and open to shareholder feedback and has had regular engagements with independent members of Chevron's board.</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	<p>Total Engagements: 75</p> <p>Environmental, Social & Governance: 10</p>	BNY Mellon focussed on a wide range of engagement subjects. These predominantly focused on Environmental and Governance issues.

Implementation Statement (Cont)

	<p>Environmental: 20</p> <p>Social: 7</p> <p>Governance: 20</p> <p>Human Capital: 10</p> <p>Monitoring: 1</p> <p>Other: 8</p>	<p>Nike:</p> <p>BNY Mellon engaged with Nike on their corporate and sustainability approaches. A discussion highlighted that sustainability is woven into the company's business model and are viewed as drivers of returns. From rarely discussing sustainability with investors, the company now has two dedicated communication teams and sustainability teams are embedded into business functions rather than a silo approach.</p>
Invesco Global Targeted Returns Fund	<p>Total Engagements: 31</p> <p>Environmental, Social & Governance: 4</p> <p>Environmental: 10</p> <p>Governance: 13</p> <p>Human Capital: 2</p> <p>Monitoring: 1</p> <p>Other: 1</p>	<p>Invesco's engagements focussed predominantly on Environmental and Governance issues.</p> <p>Glencore:</p> <p>Invesco engaged with Glencore to find out details regarding the Company's carbon reduction targets and the timeline for achieving them. In addition, Invesco enquired about plans to avoid exclusion from ESG-focussed Funds by exiting their coal business. Whilst Glencore does not favour the options Invesco raised, they are prepared to change this if there is overwhelming shareholder support. Invesco will continue to apply pressure on the Company.</p>
LGIM Funds	<p>LGIM do not currently provide details of their engagement activities at Fund 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>
Majedie UK Equity Fund	<p>Total Engagements: 18</p> <p>Environmental, Social & Governance: 2</p>	<p>Majedie's engagements focussed predominantly on Environmental and Governance issues.</p> <p>Rio Tinto:</p> <p>Majedie engaged directly with Rio Tinto's executive board on a number of ESG-related</p>

Implementation Statement (Cont)

	<p>Environmental: 4</p> <p>Social: 1</p> <p>Governance: 2</p> <p>Supply Chain: 2</p> <p>Health & Safety: 1</p> <p>Covid-19: 2</p> <p>Other: 4</p>	<p>issues. One of which addressed the destruction of the Juukan Gorge site, in an attempt to encourage improved future corporate governance and social practices. Majedie asked for details on the companies planned response to a Parliamentary inquiry and recognised the failure in company systems and culture.</p>
<p>MFS Meridian Global Equity Institutional Fund</p>	<p>Total Engagements: 29</p> <p>Environmental, Social & Governance: 14</p> <p>Social: 1</p> <p>Governance: 7</p> <p>Environmental & Governance: 1</p> <p>Social & Governance: 6</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.</p> <p>The Goldman Sachs Group, Inc.:</p> <p>MFS engaged with senior representatives of Goldman Sachs to request a third-party audit of the Company's racial equity. MFS voted in favour of the audit, which received over 28% support at the 2021 annual shareholder meeting.</p>
<p>Threadneedle Property Fund</p>	<p>Columbia Threadneedle is unable to provide details of engagement for their property funds.</p>	<p>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.</p>

Implementation Statement (Cont)

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	<p>Votable Proposals: 14,666</p> <p>Proposals Voted: 99%</p> <p>For votes: 91%</p> <p>Against votes: 8%</p> <p>Abstain votes: 0%</p>	<p>Daimler AG</p> <p>Against the Boards' recommendation, BlackRock voted against three resolutions in July 2020, including the ratification of Supervisory Board members' actions in 2019, the election of a member to the Supervisory Board, and on an amendment of Article 16 of the Articles</p> <p>BlackRock remain concerned over progress on climate-related risk reporting, the external mandates held by the proposed Supervisory Board member, and the reduction in shareholder rights from the proposed article amendment.</p>	<p>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.</p>
BlackRock Diversified Growth Fund	<p>Votable Proposals: 12,063</p> <p>Proposals Voted: 99%</p> <p>For votes: 93%</p> <p>Against votes: 6%</p> <p>Abstain votes: 1%</p>	<p>The Procter & Gamble Company</p> <p>BlackRock voted for a proposal which requests a report assessing if and how P&G could increase the scale, pace, and rigour of its efforts to eliminate deforestation and the degradation of intact forests in its supply chains.</p>	<p>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.</p>
BNY Mellon Real Return Fund	<p>Votable Proposals: 1,565</p> <p>Proposals Voted: 99%</p> <p>For votes: 85%</p> <p>Against votes: 15%</p>	<p>Microsoft Corporation</p> <p>BNY Mellon remain concerned that approximately half of long-term pay rewards vest irrespective of performance. BNY Mellon voted against the executive compensation arrangements and against the three members of the compensation committee. BNY Mellon also voted against the re-</p>	<p>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 the voting recommendation of ISS.</p>

Implementation Statement (Cont)

	Abstain votes: 0%	appointment of the company's external auditor, believing that its independence was jeopardised by having served in this role for 37 consecutive years.	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	<p>Votable Proposals: 5,717</p> <p>Proposals Voted: 98%</p> <p>For votes: 93%</p> <p>Against votes: 7%</p> <p>Abstain votes: 1%</p>	<p>EasyJet Plc</p> <p>Invesco voted with the company's management recommendation to approve capital raising. Invesco believed a vote for this resolution was warranted as additional capital will strengthen the company's balance sheet as part of their response to Covid-19, helping the company in its recovery and long-term growth.</p>	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	<p>Votable Proposals: 44,680</p> <p>Proposals Voted: 99%</p> <p>For votes: 84%</p> <p>Against votes: 16%</p> <p>Abstain votes: 0%</p>	<p>Imperial Brands Plc</p> <p>LGIM voted against the approval of the Remuneration Report and Policy. The company appointed a new CEO during 2020, who was granted a higher base salary than their predecessor. LGIM believes that a higher base salary will have ripple effects on short- and long-term incentives, as well as pension contributions. LGIM believes that an incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE100 company, should have to prove themselves beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Prior to the AGM, LGIM engaged with the company outlining what LGIM's concerns over the remuneration structure were.</p>	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 we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
LGIM Ethical UK Equity Index Fund	<p>Votable Proposals: 5,109</p> <p>Proposals Voted: 100%</p> <p>For votes: 94%</p> <p>Against votes: 6%</p> <p>Abstain votes: 0%</p>	<p>SIG plc</p> <p>LGIM voted against the approval of a one-off £375,000 payment to the company's interim CEO for work carried out over a two-month period (February - April). LGIM does not generally support one-off payments as they believe</p>	As above.

Implementation Statement (Cont)

		that executive directors have a remuneration policy in place that is appropriate for their role and level of responsibility, and that this should negate the need for one-off payments. LGIM was concerned with the size of the payment and timespan (65% of full-time salary over 2 months). LGIM intends to engage with the company to find out why this payment was deemed appropriate and whether they made the payment despite significant opposition.	
LGIM UK Equity Index Fund	<p>Votable Proposals: 12,574</p> <p>Proposals Voted: 100%</p> <p>For votes: 93%</p> <p>Against votes: 7%</p> <p>Abstain votes: 0%</p>	<p>Pearson</p> <p>Despite a series of profit warnings from the previous CEO, the company put forward an all-or-nothing proposal in the form of an amendment to their remuneration policy. If this was not passed, the company confirmed that the proposed new CEO would not take up the CEO role. LGIM believed shareholders were backed into a corner; many were in favour of the new CEO but not the proposed amendments. LGIM voted against the policy and spoke with the chair of the board on succession plans and shortcomings of the current remuneration policy.</p>	As above.
Majedie UK Equity Fund	<p>Votable Proposals: 2,437</p> <p>Proposals Voted: 96%</p> <p>For votes: 96%</p> <p>Against votes: 4%</p> <p>Abstain votes: 0%</p>	<p>Ryanair</p> <p>Majedie voted against the approval of the Remuneration Report.</p> <p>Majedie noted that a significant bonus, equal to 92% of maximum opportunity, had been awarded to the CEO for FY2020. Majedie agreed that this payment raised concerns, given the uncertainties facing the company and the airline industry, and in view of broader stakeholder experience. Furthermore, Majedie noted there was scope for additional disclosures on annual bonus targets and outcomes.</p> <p>Though the item passed with a majority of votes in favour of the Remuneration Report, Majedie</p>	<p>Majedie votes at all applicable meetings and takes voting research and platform services from International Shareholder Services (ISS).</p> <p>Where management recommendations and Majedie's proxy voting research provider's recommendations align, Majedie is minded to do the same, except where items concern approval of political donations and expenditure, where Majedie is minded to vote against. Where there is divergence, the relevant Majedie fund manager will decide on how to vote.</p> <p>Majedie also scrutinise the recommendations of management and ISS in the UK small cap space.</p>

Implementation Statement (Cont)

		will continue to monitor remuneration outcomes.	
MFS Meridian Global Equity Institutional Fund	<p>Votable Proposals: 1,558</p> <p>Proposals Voted: 100%</p> <p>For votes: 93%</p> <p>Against votes: 7%</p> <p>Abstain votes: 0%</p>	<p>Diageo Plc</p> <p>MFS voted with management to approve a revised Remuneration Policy. MFS spoke with Diageo representatives ahead of the 2020 annual shareholder meeting. The discussion centred around amendments under consideration for Diageo's 2020 remuneration policy, many of which MFS found were favourable and aligned with market best practice.</p>	<p>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 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>

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 the Dalriada Trustees Limited ("the Trustee"), the Trustee of The Oracle UK Pension Plan ("the Plan"). It reports on compliance with the governance standards that apply to defined contribution (DC) arrangements which are designed to help members achieve good outcomes from their pension savings.
- 1.2. The Plan was closed to future accrual on 31 December 2010. Prior to 1 June 2004 members DC benefits were subject to a defined benefit (DB) underpin. Further details relating to the DB underpin are provided in section 2 of this Statement.
- 1.3. This Statement covers the Plan year 1 June 2020 to 31 May 2021 ("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. Over the Plan year, the Plan's DC arrangements were held across two separate Sections, as follows:
 - 2.1.1. **Section 1:** this Section consists of two different types of funds held by members; Core Funds and Non-Core Funds.
 - **Core Funds:** these funds are subject to a DB underpin whereby if the value of an individual's benefits are less than the DB underpin at retirement, the individual will receive a guaranteed pension in respect of their Section 1 Core funds. If the Section 1 Core funds are greater than the DB underpin, these benefits are treated as DC benefits.
 - **Non-Core Funds:** these funds are treated as pure DC benefits.
 - 2.1.2. **Section 2:** all funds held through Section 2 of the Plan are treated as pure DC benefits.

3. The DC Section's default investment arrangement

- 3.1. Over the Plan year, the Plan had three default investment arrangements for the purposes of the Regulations. The default investment arrangement that applies varies between Section 1 and Section 2 of the Plan and depends upon the type and value of benefits held.

When designing the default investment arrangements, the Trustee took into consideration the potential needs of Plan members as well as the Trustee's own investment beliefs. These default investment strategies were first implemented in 2016 following advice from the Trustee's then investment adviser. A strategic review was completed on 10 May 2018 which resulted in changes being made in 2019 following advice from the Trustee's professional advisers. In December 2020, a further strategic review was completed with additional changes being made in 2021 following advice from the Trustee's professional advisers.

Annual Governance Statement (Cont)

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

- 3.2. **Section 1 Core Funds:** the default investment arrangement for individuals that hold Core Funds through Section 1 of the Plan is the Oracle Diversified Growth Fund.
- 3.2.1. The Oracle Diversified Growth Fund invests 80% in the Phoenix BlackRock Diversified Growth Fund and 20% in the Phoenix BlackRock Aquila MSCI Fund.
- 3.2.2. It is designed to provide long-term investment growth whilst limiting the degree to which it will fluctuate in value, to ensure that the value of benefits promised to members at their Normal Retirement Age (NRA) can be provided.
- 3.3. **Section 1 Non-Core Funds and Section 2:** for these benefits, the Trustee has implemented two different default investment arrangements; the Drawdown Lifestyle Option and the Cash Lifestyle Option. These Lifestyle Options have been designed to be appropriate for the typical member and the Lifestyle Option into which members' benefits were invested was dependent upon the size of their fund. The key features of the Drawdown Lifestyle Option and the Cash Lifestyle Option are as follows:
- 3.3.1. 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 funds 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.
- 3.3.2. When a member is more than 5 years from NRA, both Lifestyle Options invest exclusively in the Phoenix Oracle Lifestyle Growth Fund, which 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 Phoenix Oracle Lifestyle Growth Fund invests:
- 20% in the Phoenix BlackRock Absolute Return Bond Fund;
 - 25% in the Phoenix BlackRock Diversified Growth Fund;
 - 25% in the Phoenix Invesco Perpetual Global Targeted Return Fund
 - 30% in the Phoenix BlackRock Aquila Life MSCI World Index Fund.
- 3.3.3. From 5 years to NRA, the Lifestyle Options will automatically and gradually switch into a portfolio of funds that have been designed to be suitable for taking benefits either as cash or using drawdown, as follows:
- **Drawdown Lifestyle Option:** this option has been designed to limit the extent to which members' benefits are exposed to large fluctuations in value in the approach to NRA, but to also provide the potential for future growth. At NRA the assets are split:
 - 60% in the Phoenix Oracle Lifestyle Growth Fund;
 - 15% in the Phoenix Oracle Index Linked Fund;
 - 25% in the Phoenix Oracle Cash Fund.
 - **Cash Lifestyle Option:** this option has been designed to protect the value of members' benefits at NRA. At NRA the assets are split:
 - 50% in the Phoenix Oracle Cash Fund
 - 50% in the Phoenix Oracle Active Bond Fund.

Annual Governance Statement (Cont)

Alternative investment options

- 3.4. 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:

3.4.1. 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.

3.4.2. 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

- 3.5. The Trustee, together with its professional advisers, monitors the investment options offered through the Plan on a quarterly basis. This monitoring looks at the performance of the default investment strategies as well as all of the alternative investment options offered through the Plan to ensure that they are consistent with their stated aims and objectives. It also considers any developments or changes with the fund manager.

- 3.6. The Trustee reviews the default investment arrangements at least annually and completes a strategic review at least every three years. In November 2020 the Trustee appointed Isio as its investment adviser and Isio commenced a strategic review of the default strategy for Core Funds towards the end of 2020. The results of this review are still being finalised and further details will be provided in next year's Statement alongside a summary of any changes that have been made. It is expected that a strategic review of the Non-core Funds default strategy, as well as the wider range of investment options, will take place across 2022.

Further information on investments

- 3.7. Further information on the range of investment options provided through the Plan are set out in the Statement of Investment Principles dated September 2020. This was reviewed during the Plan year to take account of the changes to the Plan's investment options, the Trustee's stewardship policies and its arrangements with the Plan's asset managers.

- 3.8. 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:

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

3.8.2. The Trustee's policies on issues such as the kinds of investments to be held, the balance between different kinds of investment, investment risks (including how such risks are measured and managed), the expected return on investments, the realisation of investments.

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

- 3.9. A copy of the latest DC SIP is appended to this Statement as Appendix 1. The latest DC SIP is also available on the following website: <https://myoraclepension.com/assets/download/formal-plan-docs/Oracle-UK-Pension-Plan-Statement-of-Investment-Principles-SIP-2020.pdf>

Annual Governance Statement (Cont)

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately. Core financial transactions comprise the following:

- 4.1.1. The investment of contributions.
- 4.1.2. Transfers into and out of the Plan.
- 4.1.3. Investment switches.
- 4.1.4. Payments out of the Plan.

DC Section administration

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

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

- 4.3.3. Barnett Waddingham also has SLAs in place for other services it provides including; assisting with member enquiries, amending member records and issuing information.
- 4.3.4. Barnett Waddingham provides the Trustee with quarterly administration reports that document its performance against the agreed SLAs. The Trustee considers these reports in detail as a regular item at its quarterly meetings.

Annual Governance Statement (Cont)

- 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	83%	100%	85%	67%
Transfers into the Plan	N/A	N/A	N/A	N/A
Transfers out of the Plan	96%	98%	95%	85%
Payments out of the Plan	98%	97%	91%	80%

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 fell short of target, in particular towards the end of the Plan year. The Trustee has been liaising with Barnett Waddingham to understand the reasons for the fall in SLA's (which included increased member demand, a review of factors and team changes over the period) and notes that SLAs have improved in subsequent months. The Trustee will continue to keep SLAs under close review.
- 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-0106-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 July 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 differ between the investment funds available 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 an investment fund. They are referred to as a Total Expense Ratio (TER) and include the Annual Management Charge any 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 covers the year to 31 March 2021. No charge or transaction cost data is missing.
- 5.4. The Trustee requested cost and charge data for all funds offered through the Plan from Phoenix for the period to 31 May 2021, 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 will change in the approach to NRA this is reflected in the range of charges provided.

Investment option	TER	Transaction costs [1]
Drawdown Lifestyle Option	0.35% - 0.47%	0.3034% - 0.4757%
Cash Lifestyle Option	0.35% - 0.47%	0.4757% - 0.5192%
Annuity Lifestyle Option	0.15% - 0.47%	0.0172% - 0.4757%

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.

Investment option	TER	Transaction costs [1]
Active		
Phoenix CIS Oracle Diversified Growth Fund	0.49%	0.4358%
Phoenix CIS Oracle Lifestyle Growth Fund	0.47%	0.4757%
Phoenix CIS Oracle Active Bond Fund	0.50%	1.0240%
Phoenix CIS BNY Mellon Real Return (closed to new investment)	0.70%	0.5071%
Phoenix CIS BlackRock Diversified Growth Fund	0.59%	0.5380%
Phoenix CIS MFS Meridian Global Equity Institutional Fund	0.72%	0.0659%
Phoenix CIS Oracle Active UK Equity Fund	0.71%	0.3522%
Phoenix CIS Threadneedle Pensions Property Fund	0.78%	0.1852%
Phoenix CIS Oracle Cash Fund	0.19%	0.0144%
Phoenix CIS Invesco Global Target Return	0.76%	0.5133%
Passive		
Phoenix CIS LGIM Global Equity Fixed Weights 50/50 Index Fund	0.15%	0.0000%
Phoenix CIS Oracle Global Equity Fund	0.10%	0.0270%
Phoenix CIS LGIM UK Equity Fund	0.10%	0.0000%
Phoenix CIS LGIM Over 15 Year Gilts Index Fund	0.10%	0.0007%
Phoenix CIS Oracle Index Linked Gilt Fund	0.10%	0.0200%
Phoenix CIS LGIM Corporate Bond All Stocks Index Fund	0.18%	0.0000%
Phoenix CIS LGIM Ethical UK Equity Index Fund	0.25%	0.0793%

[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.

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 September 2018 guidance from the Department for Work & Pensions entitled "Cost and charge reporting: guidance for trustees and managers of occupational schemes". These illustrations are set out below and are designed to cater for representative cross-sections of the membership of the Plan.

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

- Pot size: pot sizes of £10,000, £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 now 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 most popular by number of members for Section 1 and Section 2 of the Plan, the highest charged fund, the lowest charge fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.
- 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 5.5 this Statement and the Transaction Costs are the average of those experienced in each fund over the previous 3 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 chosen retirement date. This is because the underlying asset allocation and therefore the costs and charges of the Default change over time and this needs to be reflected in the illustrations.
- For the Oracle Diversified Fund and the other self-select funds, the illustrations have been calculated based upon the number of years (from 31 May 2021) 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 consequently do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations at 2.5%.
2. Each illustration assumes up to 35 years of membership leading up to the Plan's normal retirement age of 65.
3. Values shown are estimates and not guaranteed.
4. The starting date for the illustrations is 31 May 2021.
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 2021 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 (3 yr average)
Drawdown Lifestyle [1]	2.72% - 3.87%	0.22% - 1.37%	0.35% - 0.47%	0.2362% - 0.3634% [2]
Cash Lifestyle [1]	1.10% - 3.87%	-1.40% - 1.37%	0.35% - 0.47%	0.3634% - 0.4694% [2]
Oracle Diversified Growth Fund	4.40%	1.90%	0.49%	0.3151%
LGIM Global Equity Fixed Weights 50:50 Index Fund	4.80%	2.30%	0.15%	0.0000% [3]
LGIM Over 15 Year Gilts Index Fund	0.80%	-1.70%	0.10%	0.0134%
Oracle Active Bond Fund	1.40%	-1.10%	0.500%	0.9250%
LGIM UK Equity Index	4.80%	2.30%	0.10%	0.0000% [3]

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

[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 three year averages.

[3] Where negative transaction costs have been quoted these are assumed to be zero for the purposes of the illustrations.

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)

Phoenix CIS Oracle Diversified Growth Fund

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

Years of investment from 31 May 2021	Starting pot size £10,000		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	Before charges	After charges
0	£10,000	£10,000	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£10,185	£10,107	£15,278	£15,160	£50,927	£50,534	£76,390	£75,801
5	£10,962	£10,546	£16,443	£15,818	£54,809	£52,728	£82,214	£79,092
10	£12,016	£11,121	£18,024	£16,681	£60,081	£55,605	£90,121	£83,407
15	£13,172	£11,728	£19,758	£17,592	£65,860	£58,639	£98,789	£87,958
20	£14,439	£12,368	£21,658	£18,551	£72,194	£61,838	£108,291	£92,757
25	£15,828	£13,042	£23,741	£19,564	£79,138	£65,212	£118,707	£97,818
30	£17,350	£13,754	£26,025	£20,631	£86,750	£68,770	£130,125	£103,155
35	£19,019	£14,504	£28,528	£21,757	£95,094	£72,522	£142,641	£108,784

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2021, when they came to retire in 10 years' time the savings pot could be £18,024 if no charges are applied but £16,681 with charges applied.

Drawdown Lifestyle Option

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

Years from taking benefits	Starting pot size £10,000		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	Before charges	After charges
0	£10,000	£10,000	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£10,021	£9,964	£15,032	£14,946	£50,107	£49,819	£75,160	£74,728
5	£10,336	£9,996	£15,503	£14,994	£51,678	£49,979	£77,516	£74,969
10	£11,045	£10,260	£16,567	£15,390	£55,225	£51,302	£82,837	£76,952
15	£11,803	£10,532	£17,705	£15,798	£59,015	£52,658	£88,523	£78,988
20	£12,613	£10,810	£18,920	£16,215	£63,066	£54,051	£94,599	£81,077
25	£13,479	£11,096	£20,218	£16,644	£67,395	£55,481	£101,092	£83,222
30	£14,404	£11,390	£21,606	£17,085	£72,021	£56,949	£108,031	£85,423
35	£15,393	£11,691	£23,089	£17,536	£76,964	£58,455	£115,447	£87,682

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2021, when they came to retire in 10 years' time the savings pot could be £16,567 if no charges are applied but £15,390 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 £10,000		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	Before charges	After charges
0	£10,000	£10,000	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£9,863	£9,784	£14,795	£14,676	£49,317	£48,920	£73,976	£73,380
5	£9,857	£9,467	£14,785	£14,200	£49,285	£47,334	£73,927	£71,001
10	£10,533	£9,717	£15,800	£14,576	£52,667	£48,586	£79,001	£72,880
15	£11,257	£9,974	£16,885	£14,961	£56,283	£49,872	£84,424	£74,807
20	£12,029	£10,238	£18,044	£15,357	£60,146	£51,191	£90,219	£76,786
25	£12,855	£10,509	£19,282	£15,763	£64,274	£52,545	£96,411	£78,817
30	£13,737	£10,787	£20,606	£16,180	£68,686	£53,935	£103,029	£80,902
35	£14,680	£11,072	£22,020	£16,608	£73,401	£55,361	£110,101	£83,042

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2021, when they came to retire in 10 years' time the savings pot could be £15,800 if no charges are applied but £14,576 with charges applied.

Phoenix CIS LGIM UK Equity Index

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

Years of investment from 31 May 2021	Starting pot size £10,000		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	Before charges	After charges
0	£10,000	£10,000	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£10,224	£10,215	£15,337	£15,322	£51,122	£51,073	£76,683	£76,610
5	£11,173	£11,120	£16,760	£16,680	£55,867	£55,601	£83,801	£83,402
10	£12,485	£12,366	£18,727	£18,549	£62,423	£61,830	£93,634	£92,745
15	£13,950	£13,751	£20,924	£20,627	£69,748	£68,756	£104,622	£103,134
20	£15,586	£15,292	£23,380	£22,938	£77,932	£76,459	£116,899	£114,688
25	£17,415	£17,005	£26,123	£25,507	£87,077	£85,024	£130,616	£127,536
30	£19,459	£18,910	£29,189	£28,365	£97,295	£94,548	£145,943	£141,823
35	£21,743	£21,028	£32,614	£31,542	£108,713	£105,140	£163,069	£157,710

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2021, when they came to retire in 10 years, the savings pot could grow to £18,727 if no charges are applied but to £18,549 with charges applied.

Annual Governance Statement (Cont)

Phoenix CIS LGIM Over 15 Year Gilts Index Fund

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

Years of investment from 31 May 2021	Starting pot size £10,000		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	Before charges	After charges
0	£10,000	£10,000	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£9,834	£9,823	£14,751	£14,735	£49,171	£49,115	£73,756	£73,673
5	£9,198	£9,146	£13,797	£13,719	£45,989	£45,731	£68,983	£68,596
10	£8,460	£8,365	£12,690	£12,548	£42,300	£41,826	£63,449	£62,739
15	£7,781	£7,651	£11,672	£11,476	£38,906	£38,255	£58,359	£57,382
20	£7,157	£6,998	£10,736	£10,497	£35,785	£34,989	£53,678	£52,483
25	£6,583	£6,400	£9,874	£9,600	£32,914	£32,001	£49,372	£48,002
30	£6,055	£5,854	£9,082	£8,781	£30,274	£29,269	£45,411	£43,903
35	£5,569	£5,354	£8,354	£8,031	£27,845	£26,770	£41,768	£40,155

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2021, when they came to retire in 10 years, the savings pot could be £12,690 if no charges are applied but to £12,548 with charges applied.

Phoenix CIS Oracle Active Bond Fund

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

Years of investment from 31 May 2021	Starting pot size £10,000		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	Before charges	After charges
0	£10,000	£10,000	£15,000	£15,000	£50,000	£50,000	£75,000	£75,000
1	£9,893	£9,754	£14,839	£14,630	£49,463	£48,768	£74,195	£73,152
5	£9,475	£8,828	£14,212	£13,241	£47,374	£44,138	£71,061	£66,206
10	£8,977	£7,792	£13,466	£11,689	£44,886	£38,962	£67,329	£58,444
15	£8,506	£6,879	£12,759	£10,318	£42,529	£34,394	£63,793	£51,591
20	£8,059	£6,072	£12,089	£9,108	£40,295	£30,361	£60,443	£45,542
25	£7,636	£5,360	£11,454	£8,040	£38,179	£26,801	£57,268	£40,202
30	£7,235	£4,732	£10,852	£7,098	£36,174	£23,659	£54,261	£35,489
35	£6,855	£4,177	£10,282	£6,265	£34,274	£20,885	£51,411	£31,327

Note on how to read this table: If a member had £15,000 invested in this option on 31 May 2021, when they came to retire in 10 years, the savings pot could be £13,466 if no charges are applied but £11,689 with charges applied.

Annual Governance Statement (Cont)

7. Value for members

- 7.1. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 7.2. 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 2021, as set out below.
- 7.3. 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:
 - 7.3.1. Plan charges
 - 7.3.2. Investment
 - 7.3.3. Retirement support
 - 7.3.4. Governance
 - 7.3.5. Administration
 - 7.3.6. Education and Engagement
- 7.4. 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 2021.
 - 7.4.1. 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.
 - 7.4.2. 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.
 - 7.4.3. 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)

7.4.4. 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.

7.4.5. 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.

7.4.6. 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.

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

8. Trustee knowledge and understanding

The Trustee Board

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

Knowledge and expertise of the Trustee

8.2. As an independent professional Trustee, Dalriada brings a high degree of pension experience, knowledge and expertise to the management of the Plan and have the requisite knowledge and skills to undertake a trustee role effectively.

Annual Governance Statement (Cont)

- 8.3. Both Dalriada representatives are familiar with the Plan governing documentation having overseen a consolidation review of the Plan's Trust Deed & Rules. They have also been instrumental in the development and implementation of other existing Plan governance documents and policies.
- 8.4. As an independent professional trustee, representatives of Dalriada are subject to external audit with regards to the maintenance of knowledge and understanding that is both relevant and appropriate to their ongoing appointments. This includes the need to complete the Pensions Regulator's trustee toolkit which ensures a good level of knowledge around the law relating to pensions and trusts and the procedures and the principles of investment and funding.
- 8.5. Mr Kennett is a Fellow member, and Mr McGuinness an Associate member, of the Pensions Management Institute and both also hold membership of the Association of Professional Pension Trustees and both are Accredited Members of the Association of Professional Pensions Trustees. As such, both are required to comply with the Continuous Professional Development (CPD) requirements of these professional organisations. This ensures that the Dalriada representatives maintain their knowledge of the regulatory framework and are able to put this into practice when managing the Plan. This includes compliance with regulatory duties, overseeing service providers, taking and challenging advice from the Plans professional advisers and managing the Plan for the benefit of members.
- 8.6. 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.
- 8.7. 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.
- 8.8. Over the Plan year, representatives of Dalriada have undertaken training and attended seminars which include, but are not limited to:
- 8.8.1. DC governance and future regulatory change and how these developments will need to be accommodated through the Plan
 - 8.8.2. Developing regulations regarding the incorporation of Environmental, Social and Governance (ESG) factors and how such factors are integrated by the Plans investment managers.
 - 8.8.3. DC investment options, trends and communications
 - 8.8.4. Regulatory updates on the role of the Trustee during Covid 19
 - 8.8.5. Pensions Legal update
 - 8.8.6. Various external seminars, conferences, webinars and other virtual events.

Annual Governance Statement (Cont)

- 8.9. 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.

Access to professional advice

- 8.10. 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.
- 8.11. 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.
- 8.12. Over the Plan year, the Trustee received advice and consulted with its professional advisers on the following:
- 8.12.1. The Implementation Statement, setting out how the Trustee has implemented the policies referred to in the SIP.
 - 8.12.2. The triennial strategic investment review.
 - 8.12.3. The updates to the Plan's SIP, to include the Trustee's stewardship policies and the arrangements with asset managers.
 - 8.12.4. The Value for Member assessment.
 - 8.12.5. The triennial valuation of the DB underpin section of the Plan was concluded and signed off in October 2020.

Trustee's knowledge of the Plan's governing documentation

- 8.13. 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:
- 8.13.1. The Trustee reviewed the Plan's SIP to incorporate information on the Trustee's stewardship policies and its arrangements with the Plan's asset managers.
 - 8.13.2. The risk register is reviewed at least annually (the last detailed review was carried out following the Trustee meeting in July 2021) to ensure that all relevant risks have been identified.
 - 8.13.3. The member communication materials are updated each tax year and reviewed by the Trustee.
 - 8.13.4. The 2020 Annual Governance Statement.
 - 8.13.5. The 2020 Report & Accounts.
 - 8.13.6. The 2020 Implementation Statement.
 - 8.13.7. A new Schedule of Contributions was agreed in October 2020 following completion of the triennial valuation of the DB underpin section of the Plan.

Annual Governance Statement (Cont)

Assessment

8.14. 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:

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

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

8.14.3. 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

Version Date: September 2020

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

Underpin Section - Section 1

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

Defined Contribution Section - Section 1 and Section 2

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

Pensioner Section

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

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

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

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

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

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

Appendix 1 (Cont)

Version Date: September 2020

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

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

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

Pre June 2004 'Section 1' DC Investments

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

Post June 2004 'Section 2' DC Investments

The lifestyle investment options are detailed in Appendix Four.

Trustee Reserve Account

Pensioner Section Investments

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

Appendix 1 (Cont)

Version Date: September 2020

RISK MEASUREMENT AND MANAGEMENT

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

The Trustee considers the following sources of risk:

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

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

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

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

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

Appendix 1 (Cont)

Version Date: September 2020

GOVERNANCE

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

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

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

Section 1

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

Section 2

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

Trustee Reserve Account

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

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

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

Appendix 1 (Cont)

Version Date: September 2020

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

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

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

Appendix 1 (Cont)

Version Date: September 2020

IMPLEMENTATION

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

Responsibilities of Fund Managers

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

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

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

Appendix 1 (Cont)

Version Date: September 2020

Responsible Investment

Financially Material Considerations

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

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

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

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

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

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

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

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

Non-Financially Material Considerations

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

Stewardship

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

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

Appendix 1 (Cont)

Version Date: September 2020

in the exercise of such rights.

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

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

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

Charges and Transparency

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

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

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

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

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

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

The current annual management charges are detailed in Appendix Three.

Arrangements with Investment Managers

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

Appendix 1 (Cont)

Version Date: September 2020

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

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

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

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

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

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

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

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

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

Signed Greig McGuinness Date . .25/09/2020


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

Appendix 1 (Cont)

Version Date: September 2020

Appendix One - Section 1 and 2

Active Funds

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

Appendix 1 (Cont)

Version Date: September 2020

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

Appendix 1 (Cont)

Version Date: September 2020

Passive Funds

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

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

Appendix 1 (Cont)

Version Date: September 2020

Appendix Two - Trustee Reserve Account

Active Funds

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

Passive & Active Funds – Pensioner Reserve Fund

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

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

Appendix 1 (Cont)

Version Date: September 2020

Appendix Three – Fund Charges

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

Appendix 1 (Cont)

Version Date: September 2020

Appendix Four – Lifestyle Options

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

- Cash
- Drawdown
- Annuity

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

The following funds are currently constituents of the lifestyle matrices:

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

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

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

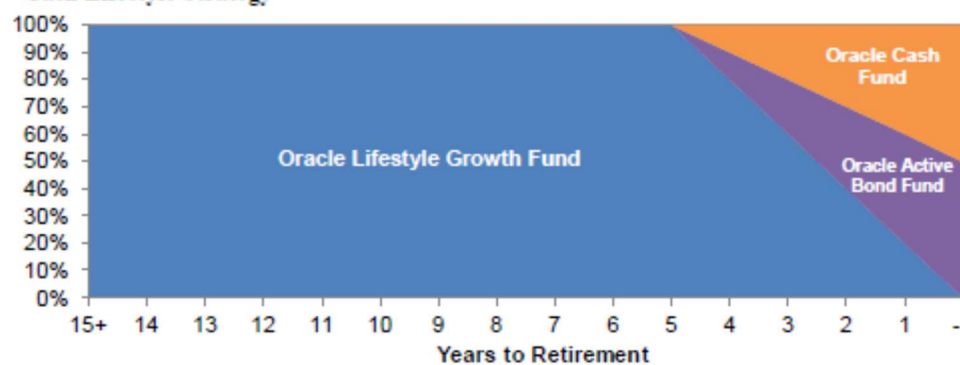
Within 5 years from retirement, the member's fund will be rebalanced in line with the lifestyle matrix on a quarterly basis. To reduce the risk of needing to repurchase fund units sold in a previous period purely as a result of market movements, the administrators will implement a 'No buy back' rule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

Appendix 1 (Cont)

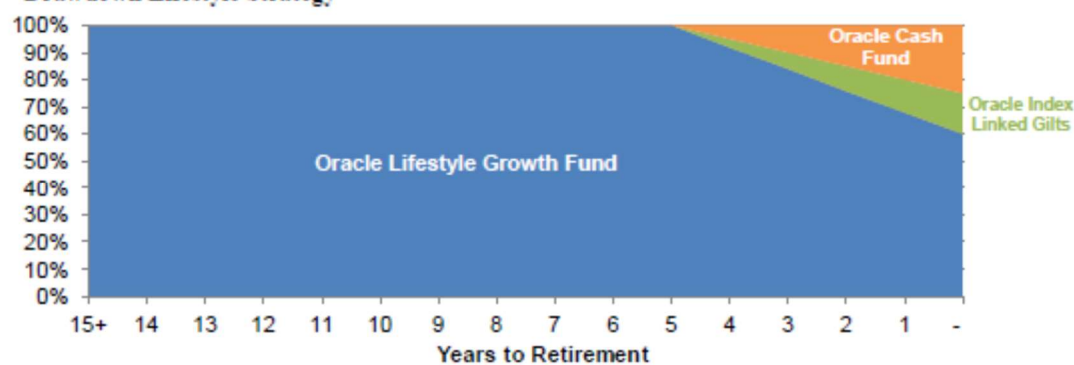
Version Date: September 2020

Charts showing each lifestyle are set out below:

Cash Lifestyle Strategy



Drawdown Lifestyle Strategy



Annuity Lifestyle Strategy

