

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

1. Introduction

- 1.1. This Annual Governance Statement (“Statement”) has been prepared by Dalriada Trustees Limited (“the Trustee”), the Trustee of The Oracle UK Pension Plan (“the Plan”). It reports on compliance with the defined contribution (DC) governance standards which are designed to help members achieve good outcomes from their pension savings.
- 1.2. The Plan was closed to future accrual on 31 December 2010. Prior to 1 June 2004, members DC benefits were subject to a defined benefit (DB) underpin. Further details relating to the DB underpin are provided in section 2 of this Statement.
- 1.3. This Statement covers the Plan year 1 June 2021 to 31 May 2022 (“the Plan year”).
- 1.4. The Trustee will publish this Statement on a publicly accessible website available here: <https://myoraclepension.com/index.html>

2. The Plan’s DC arrangements

- 2.1. The Plan’s DC arrangements are held across two separate Sections, as follows:
 - 2.1.1. **Section 1:** this Section consists of two different types of funds held by members; Core Funds and Non-Core Funds.
 - **Core Funds:** these are subject to a DB underpin whereby if the value of an individual’s fund is less than the DB underpin at retirement, the individual will receive a guaranteed pension in respect of their Section 1 Core Fund. If the Section 1 Core Fund is greater than the DB underpin, these benefits are treated as DC benefits.
 - **Non-Core Funds:** these funds are treated as pure DC benefits.
 - 2.1.2. **Section 2:** all funds held through Section 2 of the Plan were accrued after June 2004 and are treated as pure DC benefits.

3. The default investment arrangements

- 3.1. Over the Plan year, the Plan had three default investment arrangements for the purposes of the Regulations. The default investment arrangement that applies varies between Section 1 and Section 2 of the Plan and depends upon the type and value of benefits each member holds.
- 3.2. The default investment arrangements were implemented in 2016, following advice from the Trustee’s previous investment adviser. The design of these arrangements took into consideration the potential needs of Plan members as well as the Trustee’s own investment beliefs. The Trustee completes a strategic review of the default investment arrangements at least every three years.
- 3.3. Following the appointment of Isio as it’s investment adviser in November 2020, the Trustee completed a strategic review of the default investment arrangement for Section 1 Core Funds. This review resulted in changes being made over the Plan year which are described in 3.4 below. The Trustee is in the process of reviewing the default investment arrangements for Section 1 Non-Core Funds and Section 2 Funds and changes will be set out in next year’s Statement.

Design of the default investment arrangements and changes over the Plan year

- 3.4. **Section 1 Core Funds:** the default investment arrangement for individuals that hold Core Funds through Section 1 of the Plan is the Oracle Diversified Growth Fund. This Fund invests in a portfolio of underlying funds and is designed to provide long-term investment growth whilst limiting the degree to it will fluctuate in value. It aims to ensure that the value of benefits promised to members at their Normal Retirement Age (NRA) can be provided. Over the Plan year, the Trustee made some changes to the asset allocation of the Oracle Diversified Growth Fund and these took place between November 2021 and March 2022, following a communication with impacted members. These changes included:
- 3.4.1. **Phase 1:** On 23 November 2021, the Trustee removed the allocation to the Aquila Life MSCI World Equity Fund and replaced this with the LGIM Future World Global Equity Index Fund. At the same time the allocation to the BlackRock Diversified Growth Fund was reduced. The allocation on completion of Phase 1 was 60% in the BlackRock Diversified Growth Fund (down from 80%) and 40% in the LGIM Future World Global Equity Index Fund
- 3.4.2. **Phase 2:** On 24 January 2022, the Trustee reduced the allocation to the BlackRock Diversified Growth Fund to 40% and there was a corresponding increase in the allocation to the LGIM Future World Global Equity Index Fund (60%).
- 3.4.3. **Phase 3:** On 21 March 2022, the Trustee made a further reduction to the allocation to the BlackRock Diversified Growth Fund to 20% and there was a corresponding increase in the allocation to the LGIM Future World Global Equity Index Fund (80%).
- 3.5. The rationale for the change was focussed on increasing the risk and expected return of the Fund, whilst also recognising that the underpin applied to benefits in the Section 1 Core Funds provides a guaranteed pension. The Trustee believes that overall, the changes should deliver better outcomes for most members over the longer-term, and notes that the change will result in an immediate reduction in charges for investors in the Oracle Diversified Growth Fund. Alongside this, the Trustee took the opportunity to integrate sustainable investment themes into the equity portfolio of the Fund.
- 3.6. When moving assets between different investment managers and/or funds, this will often give rise to implicit costs which are commonly referred to as "Transition Costs". These Transition Costs arise where assets are sold and purchased and will vary depending on the type of asset involved, the movement of markets and the inflows and outflows of money on any given day.
- 3.7. The Trustee estimated these costs to be in the region of 0.20% of the value of investment impacted by the change and considered these costs as part of the overall assessment of the changes being made. The Trustee worked closely with Phoenix (as its platform provider) and Isio to minimise these costs to members.
- 3.8. The actual costs incurred were £517, 009 (or 0.12% of the value of assets) and the Trustee has reviewed these costs in conjunction with Isio. The Trustee is comfortable that these costs are reasonable and overall believe the changes made should add value for members over the longer-term, noting in particular the lower ongoing charges.
- 3.9. **Section 1 Non-Core Funds and Section 2:** for these benefits, the Trustee has implemented two different default investment arrangements; the Drawdown Lifestyle Option and the Cash Lifestyle Option. These Lifestyle Options have been designed to be appropriate for the typical Plan member and the Lifestyle Option into which members benefits were invested was dependent upon the size of their fund. There was not review completed, or changes made to the Lifestyle Options over the Plan year.
- 3.10. The key features of the Drawdown Lifestyle Option and the Cash Lifestyle Option are as follows:

3.10.1. Both Lifestyle Options invest across a portfolio of underlying investment funds. Each underlying fund is designed to provide exposure to different degrees of investment risk depending upon each member's term to their Normal Retirement Age (NRA) and will hold different asset classes in different proportions. The NRA of the Plan is set at age 65, however members can amend this should they wish.

3.10.2. When a member is more than 5 years from NRA, both Lifestyle Options invest exclusively in the Oracle Lifestyle Growth Fund. This aims to grow the value of each member's benefits whilst providing less exposure to investment volatility (but a potentially lower return) than investing solely in a portfolio of global equities. The Oracle Lifestyle Growth Fund invests:

- 20% in the Phoenix BlackRock Absolute Return Bond Fund
- 25% in the Phoenix BlackRock Diversified Growth Fund
- 25% in the Phoenix Invesco Perpetual Global Targeted Return Fund
- 30% in the Phoenix BlackRock Aquila Life MSCI World Index Fund

3.10.3. From 5 years to NRA, the Lifestyle Options will automatically and gradually switch into a portfolio of funds which has been designed to be suitable for taking benefits either as cash or using drawdown, as follows:

- **Drawdown Lifestyle Option:** this option aims to limit the extent to which members' benefits are exposed to large fluctuations in value in the approach to NRA, but to also provide the potential for future growth. At NRA a member's benefits will be invested:
 - 60% in the Phoenix Oracle Lifestyle Growth Fund
 - 15% in the Phoenix Oracle Index Linked Gilts Fund
 - 25% in the Phoenix Oracle Cash Fund
- **Cash Lifestyle Option:** this option aims to protect the value of a members' benefits at NRA. At NRA a member's benefits will be invested:
 - 50% in the Phoenix Oracle Cash Fund
 - 50% in the Phoenix Oracle Active Bond Fund.

Alternative investment options

3.11. Alongside the default investment arrangements described above, the Trustee has made available a number of additional investment options from which members are able to self-select. These are as follows:

3.11.1. An Annuity Lifestyle Option which invests in the same fund as the Drawdown and Cash Lifestyle Options up to 5 years before NRA. At NRA this Lifestyle Option targets a portfolio of funds that is deemed to be suitable for those members who wish to purchase an annuity with their benefits.

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

Monitoring and review of the default investment arrangement and alternative options

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

Further information on investments

- 3.13. Further information on the range of investment options provided through the Plan are set out in the Statement of Investment Principles (SIP) dated February 2022. This was reviewed during the Plan year to take account of the changes to the Plan's investment options.
- 3.14. For the purposes of Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, the SIP sets out further details around the Trustee's investment objectives, and covers the following key matters in relation to the default investment strategies, including:
 - 3.14.1. The Trustee's aims and objectives in relation to the investments held in the default investment arrangements.
 - 3.14.2. The Trustee's policies on issues such as the kinds of investments to be held, the balance between different kinds of investment, investment risks (including how such risks are measured and managed), the expected return on investments and the realisation of investments.
 - 3.14.3. An explanation of how these aims, objectives and policies are intended to ensure that assets are invested in the best interests of members.
- 3.15. A copy of the latest DC SIP is appended to this Statement as Appendix 1.

4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately. Core financial transactions comprise the following:
 - 4.1.1. The investment of contributions, albeit no contributions were paid over the Plan year.
 - 4.1.2. Transfers into and out of the Plan.
 - 4.1.3. Investment switches.
 - 4.1.4. Payments out of the Plan.

Plan administration

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

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

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

Core financial transaction	Q1	Q2	Q3	Q4
Investment of contributions/ Investment switches	93%	98%	100%	100%
Transfers into the Plan	N/A	N/A	N/A	N/A
Transfers out of the Plan	96%	97%	96%	96%
Payments out of the Plan	97%	98%	97%	85%

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

- 4.3.6. As part of its ongoing consideration of service standards, the Trustee noted that the SLAs achieved by Barnett Waddingham had broadly been with the agreed targets for the Plan year, however there had been a slight decline in Q4 for payments out of the Plan. The Trustee has raised this with Barnett Waddingham to understand the reasons for the fall and noted that SLAs have improved in subsequent months. The Trustee will continue to keep SLAs under close review.
- 4.3.7. Barnett Waddingham operates a pooled banking facility. The Barnett Waddingham pension administration system is updated daily to show reconciled balances to the pooled banking system. Financial Conduct Authority regulations for holding client monies mean that Barnett Waddingham must carry out an internal and external reconciliation every day. Barnett Waddingham's internal controls are audited annually and this is evidenced to the independent auditor. The Trustee has received a demonstration of the cash handling systems to show how transactions are reconciled and approved.
- 4.3.8. The administrator's processes are subject to internal controls procedures and adhere to AAF standards. Information about Barnett Waddingham's administration procedures and controls can be found in its AAF report which is published online: www.barnett-waddingham.co.uk/aaf-0120-report/.
- 4.3.9. Administration is captured as part of the Plan's risk register which clearly documents the administrative risks associated with the operation of the Plan. This also includes details of the controls established by the Trustee to mitigate such risks. The risk registered is considered as part of the quarterly Trustee meeting process with a detailed review at least annually, the last detailed review was carried out following the Trustee meeting in October 2021.
- 4.3.10. Monitoring of accuracy is undertaken via the external auditing of the Plan's annual report and accounts and periodic auditing of the Plan's membership data.

Trustee view of core financial transactions

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

5. Charges and transaction costs

- 5.1. Members of the Plan pay the costs and charges levied by the investment managers for the funds in which they are invested. These vary between the investment funds available through the Plan and consist of the following:
- 5.1.1. **Charges:** these are collected by deduction of investment units and are expressed as a percentage of the value of each member's holdings within the investment fund. They are referred to as a Total Expense Ratio (TER) and include the Annual Management Charge and Additional Expenses.
- 5.1.2. **Transaction cost:** these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER.
- 5.2. All administration, communication and governance costs in respect of the Plan's benefits are met by Oracle as the sponsoring employer.
- 5.3. The following tables provide details of the charges and transaction costs applied to each of the investment options offered through the Plan over the Plan year. This data has been sourced from Phoenix, whose platform is used to access the Plan's investment funds and there is no charge or transaction cost data is missing.
- 5.4. The data covers the year to 31 March 2022. As with previous years the Trustee requested cost and charge data for all funds offered through the Plan from Phoenix for the year to 31 May 2022 to aligned with the Plan year, however Phoenix can only currently provide this data quarterly due to an absence of the required information from each of the underlying fund managers. The Trustee, in conjunction with its professional advisers, will continue to work with Phoenix provide the information required.

The Lifestyle Options

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

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

The individual fund options

The following table provides details of the TER's and transaction costs for the self-select options provided through the Plan as well as the Oracle Diversified Growth Fund which is the default for Section 1 Core Funds.

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

[1] In certain circumstances the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes the price of the asset being traded down, whilst the transaction was in progress. This can result in the asset being purchased for a lower price than when the trade was initiated. Where negative costs have been quoted by Phoenix these have been included in the table as a zero cost.

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

6. Demonstrating the impact of costs and charges

To demonstrate the impact of the costs and charges applied through the Plan, the Trustee has produced illustrations in line with statutory guidance and the October 2021 guidance from the Department for Work & Pensions entitled "Cost and charge reporting: guidance for trustees and managers of occupational

schemes". These illustrations are set out below and are designed to cater for representative cross-sections of the membership of the Plan.

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

- Pot size: pot sizes of £15,000, £50,000 and £75,000 have been used as the Trustee considers these to be broadly representative of the pot sizes of members invested across Section 1 and Section 2 of the Plan.
- Future contributions: as all members of the Plan are no longer actively making pension contributions, the Trustee has decided to produce illustrations that assume no future contributions will be paid.
- Investment funds: the investment options selected for these illustrations include the three default investment arrangements and the self-select funds with the highest and lowest charge.
- Timeframe: the illustrations are shown over a 35-year time frame as this covers the approximate duration that the youngest member would take to reach NRA.

For each individual illustration, each savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund, and then again, but adjusted for the cumulative effect of the costs and charges of the fund. The TER applied is in line with the table set out in Section 5 this Statement and the Transaction Costs are the average of those experienced in each fund over the previous four years (where available).

The Trustee is aware that the Regulations require the transaction costs data used to produce the illustrations be based on an average of the past 5 years, however Phoenix was not able to provide transaction cost data covering this timeframe for this Statement. The Trustee, in conjunction with its professional advisers, will continue to remind Phoenix of its legal duty to provide such information.

The illustrations are presented in two different ways:

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

Guidance to the illustrations

Notes on the illustrations are as follows;

1. Projected pot sizes are shown in today's terms and do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations at 2.5%.
2. Each illustration assumes up to 35 years of membership leading up to the Plan's NRA of 65.
3. Values shown are estimates and not guaranteed.
4. The starting date for the illustrations is 31 May 2022.

5. The projected growth rates, gross of costs and charges, for each fund or arrangement have been provided by Barnett Waddingham LLP and are in line with the 2022 Statutory Money Purchase Illustrations (SMPI). They are calculated with reference to the Financial Report Council's Actuarial Standards TM1 and are set out in the table below, alongside the TER and Transaction costs used to produce the illustrations.

Fund/strategy name	Nominal return	Real return	TER	Transaction cost (4yr average)
Drawdown Lifestyle [1]	3.86% - 5.03%	1.36% - 2.53%	0.36% - 0.47%	0.208% - 0.321%[2]
Cash Lifestyle [1]	2.35% - 5.03%	-0.15% - 2.53%	0.35% - 0.47%	0.321% - 0.357%[2]
Oracle Diversified Growth Fund	5.8%	3.3%	0.44%[3]	0.278%
Oracle Index Linked Gilts Fund	1.9%	-0.6%	0.10%	0.034%
Threadneedle Pension Property Fund	5.9%	3.4%	0.78%	0.000%[4]

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

[2] The transaction costs for the Oracle Lifestyle Growth Fund and Oracle Active Bond Fund which make up part of the Lifestyle Strategies are only available for part of 2020 as the funds were only recently introduced to the Plan. The transaction cost figure shown are therefore not four-year averages.

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

[4] In certain circumstances the methodology used for calculating transaction costs (known as slippage) can lead to negative costs being reported. This can be, for example, where other market activity pushes the price of the asset being traded down, whilst the transaction was in progress. This can result in the asset being purchased for a lower price than when the trade was initiated. Where transaction costs are shown as a negative figure, we have assumed these to be zero when considering the funds to be used for the illustrations and when producing the illustrations themselves

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

Oracle Diversified Growth Fund

An illustration has been included for the Oracle Diversified Growth Fund as it is the default investment arrangement for Core benefits held through Section 1 of the Plan.

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

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

Drawdown Lifestyle Option

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

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

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

Cash Lifestyle Option

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

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

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

Oracle Index Linked Gilts Fund

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

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

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

Threadneedle Pension Property Fund

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

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

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

7. Reporting of Net investment returns

- 7.1. From 1 October 2021, trustees of all relevant pension schemes, are required to calculate and state the annualised return, net of transaction costs and charges, of all of the investment options members were able to select, and in which members' assets were invested, during the Plan year.
- 7.2. For the arrangements where the investment returns vary with age, such as for the Drawdown, Cash and Annuity Lifestyle Options, the investment returns must be shown over various periods for a member aged 25, 45 and 55 at the start of the period.
- 7.3. The Oracle Lifestyle Growth Fund was Launched in 2019, returns are only therefore available for two years to the nearest year end quarter.
- 7.4. All three lifestyle strategies invest in the Oracle Lifestyle Growth Fund until five years before the assumed retirement age, which for the Plan is age 65. On this basis the returns achieved will be identical. We have therefore also considered the situation where a member is age 60 at the start of the investment period and the effect of the lifestyle strategy can be seen. This is reflected in the tables below:

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

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

The individual fund options

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

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

Investment option	Annualised returns to 31 March 2022	
	1yr net return	5yr net return (p.a.)
LGIM Ethical UK Equity Index Fund	13.5%	4.8%

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

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

8. Value for members

8.1. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.

8.2. The Trustee undertook such analysis together with their professional advisers Isio with the findings and the Plan's position relative to his peers set out in a report. The Trustee has considered this report and confirmed its assessment of value for members, effective as at 31 May 2022, as set out below.

8.3. The Trustee has identified the following areas where they believe there is a benefit derived by members; these benefits can be financial or non-financial in nature:

8.3.1. Plan charges

8.3.2. Investment

8.3.3. Retirement support

8.3.4. Governance

8.3.5. Administration

8.3.6. Education and Engagement

8.4. The assessment takes into account available research on the costs and features of other DC schemes for comparison purposes in respect of the six core benefit categories identified above. The assessment for this Plan year was completed in August 2021.

8.4.1. Plan charges

- Based on the profile of the Plan arrangements, the Trustee believes that the Plan charges are competitive when compared to current market rates.
- The charges paid by members for the default investment arrangements and the majority of self-select funds are below the statutory Charge Cap.
- The Trustee regularly monitors transaction costs.

8.4.2. Investment

- The Plan is ahead of the market in this area; the investment choices available have been designed, following advice from the Plan's investment adviser, with the specific needs of members in mind and are reviewed regularly.
- The growth phase of the default strategies are well diversified.

- There is a range of pre-retirement lifestyle options available to members.
- There is a wide range of funds for members to self-select including main and alternative asset classes.

8.4.3. Retirement support

- The Plan is ahead of the market in this area for similar, closed schemes but the Trustee could consider reviewing the at retirement process to ensure members needs are met and that members are well educated on retirement options.

8.4.4. Governance

- The Plan is ahead of the market in this area.
- The Trustee believes that good governance is key to ensuring that a framework exists and is actively in use to help deliver better member outcomes.
- The Trustee regularly reviews and updates its governance processes and procedures to make sure that these meet legal requirements and industry best practice.
- Governance costs are met by the Employer.

8.4.5. Administration

- The Plan is ahead of the market in this area with most areas receiving the highest scoring possible.
- The Trustee has appointed Barnett Waddingham to provide administration services to the Plan and is satisfied that Barnett Waddingham has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that, if administrative errors do occur, members are not disadvantaged as a result.

8.4.6. Education and Engagement

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

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

9. Trustee knowledge and understanding

The Trustee Board

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

Knowledge and expertise of the Trustee

- 9.2. As an independent professional Trustee, Dalriada brings a high degree of pension experience, knowledge and expertise to the management of the Plan and have the requisite knowledge and skills to undertake a trustee role effectively.
- 9.3. Dalriada representatives are familiar with the Plan's governing documentation having overseen a consolidation review of the Plan's Trust Deed & Rules. They have also been instrumental in the development and implementation of other existing Plan governance documents and policies.
- 9.4. As an independent professional trustee, representatives of Dalriada are subject to external audit with regards to the maintenance of knowledge and understanding that is both relevant and appropriate to their ongoing appointments. This includes the need to complete the Pensions Regulator's (TPR) trustee toolkit which ensures a good level of knowledge around the law relating to pensions and trusts and the procedures and the principles of investment and funding.
- 9.5. Mr Kennett is a Fellow member, and Mr McGuinness an Associate member, of the Pensions Management Institute and both also hold membership of the Association of Professional Pension Trustees and both are Accredited Members of the Association of Professional Pensions Trustees. As such, they are required to comply with the Continuous Professional Development (CPD) requirements of these professional organisations. This ensures that the Dalriada representatives maintain their knowledge of the regulatory framework and are able to put this into practice when managing the Plan. This includes compliance with regulatory duties, overseeing service providers, taking and challenging advice from the Plans professional advisers and managing the Plan for the benefit of members.
- 9.6. The Dalriada representatives are also able to call on colleagues with specific expertise as and when required. In particular Simon Cohen and David Fogarty have both sat on the Investment Sub Committee during the year to allow the Plan to benefit from the pensions scheme investment experience and expertise. David Fogarty also played a key role in the review of Investment Consultancy provision and the ongoing review of the Section 1 Core Fund default strategy.
- 9.7. Training on aspects of investments, scheme management and regulation (both of a general nature and in relation to the Plan) is provided at Trustee meetings by the Trustee's professional advisers and Trustee training is a standing item agenda. Such training is complemented by attendance at pensions focussed conferences, seminars and courses as well as the wider CPD activities described above.
- 9.8. Over the Plan year, representatives of Dalriada have undertaken training and attended seminars which include, but are not limited to:
 - 9.8.1. DC governance and future regulatory change and how these developments will need to be accommodated through the Plan
 - 9.8.2. Developing regulations regarding the incorporation of Environmental, Social and Governance (ESG) factors and how such factors are integrated by the Plans investment managers.
 - 9.8.3. DC investment options, trends and communications
 - 9.8.4. Developing regulations regarding the Pensions Regulator's Single Code of Practice, the Funding code and Pensions Dashboards
 - 9.8.5. Pensions Legal updates
 - 9.8.6. Various external seminars, conferences, webinars and other virtual events.
- 9.9. The Trustee considers that its training is consistent with TPR's Trustee Knowledge and Understanding requirements (Code of Practice 7) and provides a mixture of generic and bespoke training sessions. This, together with the ongoing work in relation to the Plan, and the access to professional advisers ensures that

the Trustee has sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes as well as the law relating to pensions and trusts.

Access to professional advice

- 9.10. The Trustee has appointed recognised and suitably qualified legal advisers and investment consultants, who provide advice on the operation of the Plan in accordance with the Plan's Trust Deed and Rules and in compliance with legislation. The appointment and an assessment of the Trustee's advisers is reviewed on an annual basis.
- 9.11. The Trustee consults with its professional advisers as and when required, for example, on investments, governance and legal matters. Its professional advisers alert the Trustee on relevant changes to pensions legislation.
- 9.12. Over the Plan year, the Trustee received advice and consulted with its professional advisers on the following:
 - 9.12.1. Changes to the Oracle Diversified Growth Fund which were implemented over the Plan year.
 - 9.12.2. Amendments to the Plan SIP.
 - 9.12.3. Undertaking the annual value for members assessment.
 - 9.12.4. A review of the Section 1 Non-Core Funds and Section 2 Funds. Any changes arising from this review will be set out in next year's Statement.

Trustee's knowledge of the Plan's governing documentation

- 9.13. The Trustee is conversant with the Plan's Trust Deed and Rules as well as all other relevant Plan documentation, both through their overall experience in managing the Plan as well as its review of such documentation. Over the Plan year, the Trustee has reviewed the following Plan documentation:
 - 9.13.1. The Trustee reviewed the Plan's SIP and this was updated to reflected the investment changes described in Section 3 of this Statement.
 - 9.13.2. The risk register is reviewed at least annually (the last detailed review was carried out in October 2021) to ensure that all relevant risks have been identified.
 - 9.13.3. The member communication materials are updated each tax year and reviewed by the Trustee.
 - 9.13.4. The 2021 Annual Governance Statement.
 - 9.13.5. The 2021 Report & Accounts.
 - 9.13.6. The 2021 Implementation Statement.

Assessment

- 9.14. The Trustee considers that the combined knowledge, skills and understanding of the Trustee Board, together with the advice available to the Trustee from its professional advisers, enables the Trustee to properly exercise its Trustee functions in the following ways:
 - 9.14.1. The Trustee is able to challenge and question advisers, service providers and other parties effectively
 - 9.14.2. Trustee decisions are made in accordance with the Plan rules and in line with trust law duties
 - 9.14.3. Trustee decisions are not compromised by such things as conflicts or hospitality arrangements

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

.....
Date

Appendix 1 Statement of Investment Principles

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

1. Introduction

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

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

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

2. Plan Structure

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

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

‘Section 1’ DC Investments

2.3 Section 1 is available for members’ benefits accrued prior to 1 June 2004.

2.4 The default investment option for Section 1 Core funds is the Oracle Diversified Growth Fund.

2.5 Section 1 Core funds relating to employee contributions can be invested in the self-select options detailed in Appendix D.

2.6 Section 1 non-core funds can be invested in the lifestyle investment or self-select options detailed in Appendix D (self-select) and Appendix E (lifestyle). Members can combine the investment funds in any proportion to determine the balance between different kinds of investments. This will also determine the expected return on a member’s assets and should be related to the member’s own risk appetite and tolerances.

‘Section 2’ DC Investments

2.7 Section 2 is available for benefits accrued after 1 June 2004.

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

Trustee Reserve Account

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

Pensioner Reserve Fund

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

3. Governance

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

4. Investment objective

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

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

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

Section 1 Non-core and Section 2 assets

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

5. Investment strategy

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

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

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

Section 1 Non-core and Section 2

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

6. Investment Management Arrangements

Responsibilities of investment managers

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

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

Investment fees and charges

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

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

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

Environment, Social and Governance (“ESG”) considerations

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

7. Investment Manager Monitoring and Engagement

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

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

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

8. Employer-related investments

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

Appendix

Appendix A: Investment management and fund governance policies

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

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

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

Appendix E: Lifestyle Investment Options

Appendix F: Fund Charges

Appendix A: Investment management and fund governance policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Individual funds

Fund Name	Investment characteristics	Benchmark	Performance target
BlackRock Diversified GrowthFund	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 fromUKgovernment bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	Bank of England Base Rate	Outperform benchmark by 3.5% p.a. over rolling 3-year periods.
BNY Mellon Real Return Fund (Closed to new investors)	Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than fromUK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	1-month LIBOR	Outperform benchmark by 4% p.a. over rolling 3 to 5-year periods.
Invesco Perpetual Global Targeted Return Fund	Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than fromUK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	3-month LIBOR	Outperform benchmark by 5% p.a. over rolling 3 to 5-year periods.
LGIM Corporate Bond AllStocks Index Fund	Low risk compared to equities but riskier than gilts, the expected returns are lower than for equities and higher than for gilts.	iBoxx £ Non-Gilts Index	Achieve returns in line with benchmark.
LGIM Ethical UK Equity IndexFund	Invests in UK shares of companies that comply with a code of ethical conduct. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	FTSE 4 Good Index	Achieve returns in line with benchmark.
LGIM Global Equity Fixed Weights 50/50 Index Fund	Invests in shares throughout the world. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk.	50% FTSE All Share 50% Overseas Equities (split between the US, Europe (ex-UK), and the Far East)	Achieve returns in line with benchmark.

LGIM UK Equity IndexFund	Invests in shares in the UK. The returns will be more volatile and less secure than UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	FTSE All Share Index	Achieve returns in line with benchmark.
LGIM Over 15 Year GiltsIndex Fund	Low risk option, although the expected returns are lower than for equities.	FTSE UK Gilts Over 15 Years Index	Achieve returns in line with benchmark.
MFS Meridian Global Equity Institutional Fund	Invests in global equity shares outperforming the broad market Global Equity index return. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk.	MSCI World Index	To outperform benchmark index over full market cycle.
Threadneedle PensionsProperty Fund	Invests in direct and indirect property. Property investment risk is lower than investments in equities, but higher than investment in bonds.	MSCI/AREF UK All Balanced Quarterly Property Fund	To outperform the benchmark by 1% p.a. over rolling 3-year periods.

White label funds funds

Fund Name	Investment characteristics	Benchmark	Performance target
Oracle Active Bond Fund	100% invested in the BlackRock Absolute Return Bond Fund which invests in a range of fixed income assets with the aim of achieving positive returns.	3-month LIBOR	Outperform benchmark by 2.5% p.a. over rolling 3 to 5-year periods.
Oracle Active UK Equity Fund	100% invested in the Majedie UK Equity Fund which actively invests in UK-based equity shares with the aim of outperforming the broad market UK Equity index return. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns.	FTSE All Share Index	Outperform benchmark by 2% p.a. over rolling 3-year periods.
Oracle Cash Fund	Invests in short term cash instruments and aims to produce reliable nominal returns.	7-day LIBID	To deliver competitive rates of return from cash deposits and other short-term instruments.

Oracle Global Equity Fund	Invests in shares throughout the world. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk.	MSCI World Index	Achieve returns in line with benchmark.
Oracle Index Linked Gilt Fund	Low risk option with lower expected returns than equities. Investment returns are not eroded by unanticipated inflation.	50% FTSE UK Gilts Index- linked Over 5 Years Index 50% FTSE UK Gilts Index- linked Under 15 Years Index	Achieve returns in line with benchmark.
Oracle Lifestyle Growth Fund	Composite of 30% BlackRock Aquila MSCI World Fund, 25% Invesco Perpetual Global Targeted Return Fund, 25% BlackRock Diversified Growth Fund and 20% BlackRock Absolute Return Bond Fund. The fund is rebalanced as necessary.	Composite of underlying funds	Composite of underlying funds

Appendix E: Lifestyle Investment Options

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

- Cash
- Drawdown
- Annuity

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

The following funds are currently constituents of the lifestyle matrices:

Fund Type	Fund Name	Investment Style
Cash		
Diversified Growth	Oracle Lifestyle Growth Fund	Active
Absolute 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

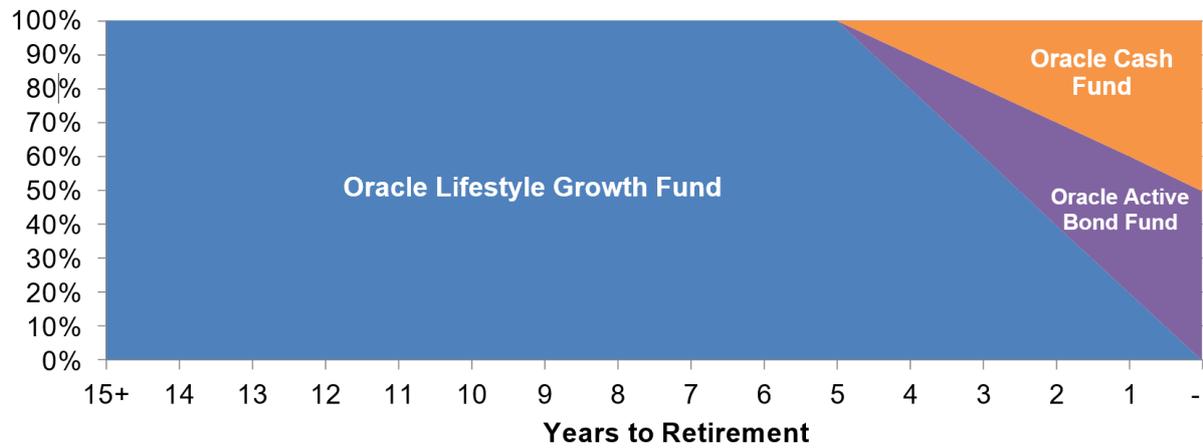
Members are assumed to retire at 65 unless they have specified an alternative target retirement age.

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

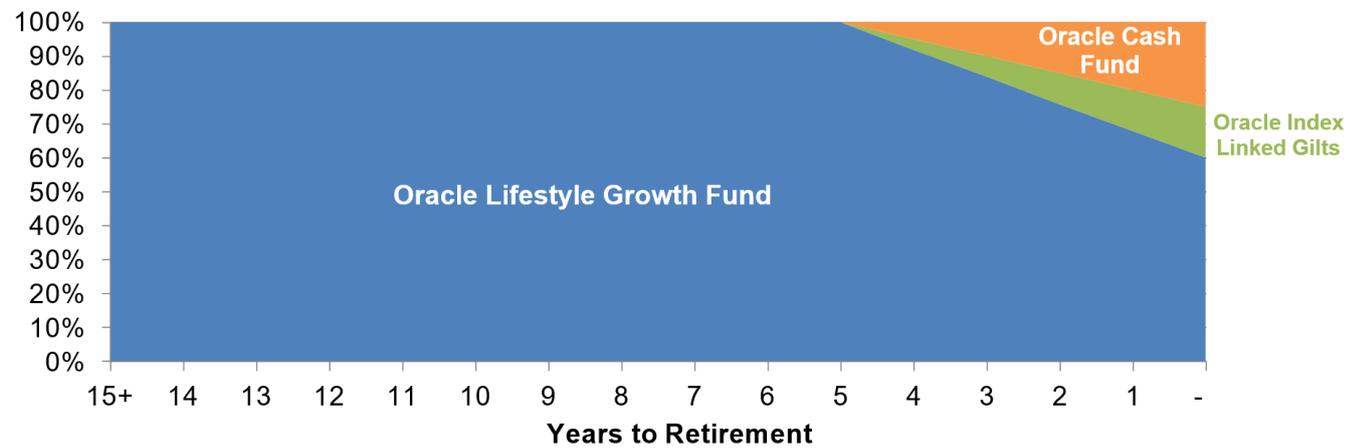
Within 5 years from retirement, the member's fund will be rebalanced in line with the lifestyle matrix on a quarterly basis. To reduce the risk of needing to repurchase fund units sold in a previous period purely as a result of market movements, the administrators will implement a 'No buy back' rule 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.

Charts showing each lifestyle are set out below:

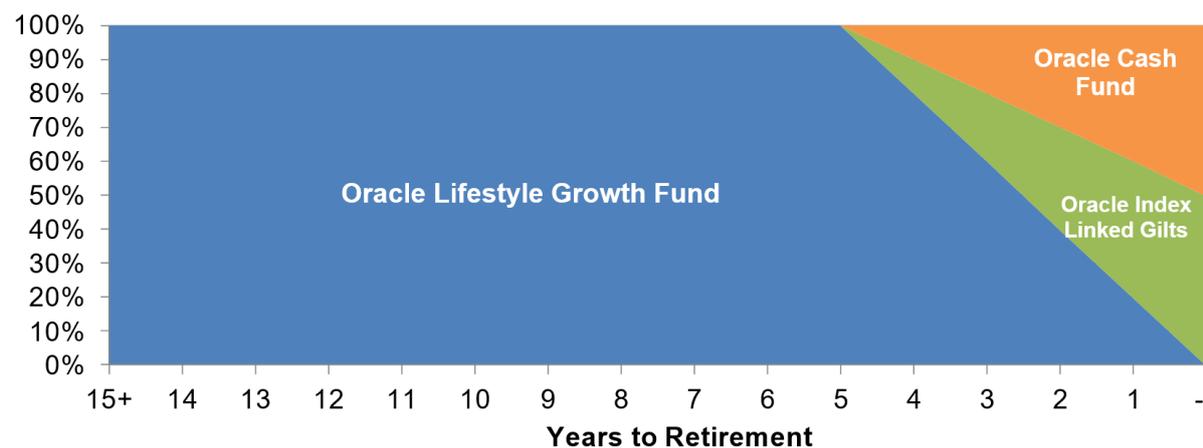
Cash Lifestyle Strategy



Drawdown Lifestyle Strategy



Annuity Lifestyle Strategy



Appendix F: Fund Charges (as at 31 December 2021)

Section 1 Employer and Employee Core contributions and Trustee Reserve Account assets

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

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

Pensioner Section assets

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

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

Fund	Total Expense Ratio ("TER") p.a.
Active	
Oracle Lifestyle Growth Fund	0.47%
BNY Mellon Real Return Fund	0.70%
BlackRock Diversified Growth Fund	0.59%
Invesco Perpetual Global Targeted Return Fund	0.76%
Oracle Active Bond Fund	0.50%
MFS Meridian Global Equity Institutional Fund	0.72%
Oracle Active UK Equity Fund	0.71%
Threadneedle Pensions Property Fund	0.78%
Oracle Cash Fund	0.19%
Passive	
LGIM Global Equity Fixed Weights 50/50 Index Fund	0.13%
Oracle Global Equity Fund	0.10%
LGIM UK Equity Index Fund	0.10%
LGIM Over 15 Year Gilts Index Fund	0.10%
Oracle Index Linked Gilt Fund	0.10%
LGIM Corporate Bond All Stocks Index Fund	0.13%
LGIM Ethical UK Equity Index Fund	0.25%