



BARNETT  
WADDINGHAM

Part of **HOWDEN**

## Oracle UK Pension Plan

### Actuarial valuation as at 31 May 2025

Paul Hubbard FIA

10 April 2026



# 1 Summary

The Trustee has asked me to prepare an actuarial valuation of the Oracle UK Pension Plan (the Plan) as at 31 May 2025. A summary of the results of the valuation is as follows:

- **Technical Provisions funding position:** Using the method and assumptions agreed by the Trustee, the Plan had assets sufficient to cover 101% of its Technical Provisions as at 31 May 2025, corresponding to a surplus of £4m.
- **Contingent assets:** The escrow arrangement held £119m at the valuation date and provides investment risk protection during the Plan's journey to low dependency. In addition, the parental guarantee from Oracle Corp of up to £800m provides valuable downside protection in a worst case scenario.
- **Recovery Plan:** As the Plan was in surplus as at 31 May 2025 on the Technical Provisions assumptions there is no requirement for a Recovery Plan. However to ensure the Plan can meet its cashflow requirements, if the Trustee Reserve Account (TRA) falls below £2m, the Employer is required to authorise a transfer payment of £2m from the escrow arrangement to the Plan.
- **Future service contributions:** 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.
- **Expense contributions:** The expenses of running the Plan will be met from the TRA until 31 May 2029, subject to review at the 31 May 2028 valuation. From 1 June 2029, the Employer will revert to paying expenses with some de-minimis exceptions as described in the Schedule of Contributions.
- **Long-term funding and investment strategy:** The Trustee and the Employer have also agreed a funding and investment strategy for the long term. Under the agreed strategy, the Plan is planning to be fully funded on a low dependency funding basis by 31 May 2029 (the Final Test Date for the escrow arrangement) and invested in a low dependency investment

allocation by 31 May 2042, the date at which the Plan reaches significant maturity.

- **Low dependency funding position:** I estimate that the Plan was 97% funded on the agreed low dependency funding basis at the valuation date, corresponding to a deficit of £13m.
- **Solvency basis:** If the Plan had secured benefits with an insurance company using deferred and immediate annuities, I estimate it would have enough assets to cover 91% of its liabilities as at 31 May 2025, corresponding to a deficit of £41m. This means that, had the Plan wound up at the valuation date with no further funds available from the Employer, there would not have been sufficient assets available to secure members' full benefit entitlements. This assessment excludes any recovery under the parental guarantee or escrow arrangement.
- **Section 179 valuation:** Using the assumptions prescribed for the Section 179 valuation, the Plan had sufficient assets to cover 122% of its liabilities in respect of the compensation that would currently be paid by the Pension Protection Fund. The Section 179 valuation is one of the factors that determine any levy that is paid to the Pension Protection Fund by the Plan and the results will be provided via The Pensions Regulator's 'Exchange' system in due course.
- **Valuation submission:** The outcome of the valuation satisfies The Pensions Regulator's Fast Track parameters meaning that the valuation results can be submitted via the Fast Track submission route.
- **Next actuarial valuation:** The next actuarial valuation should be carried out with an effective date no later than 31 May 2028 and the contributions payable by the Employer will be reviewed as part of that valuation.



**Paul Hubbard FIA, Barnett Waddingham LLP, 10 April 2026**



## 2 Background and strategy

### Actuarial valuations under the Pensions Act 2004

In accordance with Section 224(1) of the Pensions Act 2004 the Trustee has asked me to prepare an actuarial valuation of the Oracle UK Pension Plan (the Plan) as at 31 May 2025.

This report summarises the results of the valuation, including the information required by Regulation 7 of the Occupational Pension Schemes (Scheme Funding) Regulations 2005 and Appendix A of TAS 300: Pensions issued by the Financial Reporting Council. This report complies with Technical Actuarial Standards issued by the Financial Reporting Council – in particular TAS 100: General Actuarial Standards and TAS 300: Pensions. These are the only TASs that apply to this work.

This report is addressed to the Trustee, but it has been written so that an informed reader can understand the financial position of the Plan, including how it has developed since the previous valuation and how it might develop in the future. However, this report is not intended to assist any user in making decisions, and valuations required for specific purposes (e.g. employer accounting, corporate transactions and advice to individual members) should be calculated in accordance with the specific requirements for such purposes. Neither I nor Barnett Waddingham LLP accepts liability to third parties in respect of this report.

A copy of this report should be provided to the Employer within seven days of the Trustee receiving it.

### Funding objectives

The Trustee's funding objectives are described in a Statement of Funding Principles dated 26 March 2026, a copy of which is included in **Appendix F**. In

summary, the Trustee have adopted the 'Statutory Funding Objective', which is that the Plan should have sufficient and appropriate assets to meet its liabilities.

The principal purpose of the valuation is therefore to examine the financial position of the Plan at the valuation date and to agree the contributions payable to ensure that the Statutory Funding Objective is expected to be met.

### Long-term funding and investment strategy

As well as assessing the current funding position, the scheme funding regime requires the Trustee to plan for the long-term funding of the Plan. The Occupational Pension Schemes (Funding and Investment Strategy and Amendment) Regulations 2024 specify that the Plan needs to plan to achieve a low level of dependency on the Employer in the long term. Therefore, as part of this valuation, the Trustee and the Employer have agreed a funding and investment strategy for the long term that can be summarised as follows:

- The Trustee intends to provide benefits over the long-term by way of Run-off.
- The Trustee is targeting 100% funding on a low dependency funding basis by 31 May 2029, the Final Test Date for the escrow arrangement. The low dependency funding assumptions are summarised in **Appendix D**.
- The Trustee intends to invest in a low dependency investment allocation by 31 May 2042 (comprising of 85% protection assets and 15% growth assets), the date at which the Plan reaches significant maturity.

Further details of the agreed funding and investment strategy are set out in the Statement of Strategy document dated 7 April 2026.



## 3 Methodology and assumptions

### Methodology used to achieve objectives

The valuation has been carried out on a 'market-related' basis. This means that assets are taken into account at their market value. For comparison with the assets, a consistent measure is needed for the liabilities that are expected to arise in respect of benefits already earned at the valuation date – otherwise known as the 'Technical Provisions'. This is achieved by projecting the benefits that are expected to be paid to members of the Plan as a result of:

- pensions already in payment;
- pensions arising from future retirements;
- lump sums payable to future retirees in exchange for part of their pension;
- lump sums payable following the death of a member; and
- pensions payable to eligible dependants following the death of a member.

To estimate the amount of these future benefit payments, assumptions need to be made regarding:

- how benefits will increase prior to payment;
- how pensions will increase while in payment;
- whether members will die before reaching retirement;
- how long members will live in retirement;
- whether members will have an eligible dependant on death and, if so, the age of their dependant; and
- whether members will exercise certain options, such as exchanging pension for cash at retirement.

The benefits are expected to be paid over a long period of time and, during that time, the assets held are expected to earn investment returns. Therefore, for comparison with the assets, the projected benefit payments are reduced to allow for the investment return that is anticipated prior to payment. This methodology is commonly referred to as 'discounting' and the investment return allowed for is referred to as the 'discount rate'. For consistent comparison with the market value of the assets at the valuation date, the choice of discount rate reflects relevant market indicators at the valuation date.

The assumptions agreed by the Trustee for the purpose of the Statutory Funding Objective as at 31 May 2025, along with the assumptions used at the previous valuation, are summarised in **Appendix D**.

### Valuations on other bases

#### Low dependency funding basis

As noted in the previous section, the Trustee is targeting 100% funding on a low dependency basis by 31 May 2029 and investment in a low dependency allocation by 31 May 2042. The Relevant Date is 31 May 2042.

Regulations state that a low dependency funding basis must use assumptions that if:

- 1 A scheme is fully funded on that low dependency funding basis, and
- 2 The scheme's assets are invested in line with a corresponding low dependency investment allocation (see the box below), then no further contributions are expected to be required from the employer.



## 3 Methodology and assumptions

### Low dependency investment allocation

A low dependency investment allocation is an investment strategy under which the value of the assets relative to the value of the scheme's liabilities is highly resilient to short-term adverse changes in market conditions. As set out in the statement of strategy, the Trustee and Employer have agreed a low dependency investment allocation of 15% invested in growth assets and 85% invested in protection assets.

The Technical Provisions must be calculated in a way that is consistent with the funding and investment strategy. The Trustee has achieved this by aligning the assumptions used in the Technical Provisions basis after 31 May 2029 with the low dependency funding basis. Therefore, the Technical Provisions will have converged to the low dependency funding basis before the significant maturity date of 31 May 2042. Prior to 31 May 2029, the estimate of the low dependency funding liabilities will be higher than the Technical Provisions.

The low dependency assumptions used at this valuation are also summarised in this appendix.

### Solvency basis

As part of the valuation, I am required to include an estimate of whether the Plan would have had sufficient assets to secure benefits with an insurance company and meet the expenses associated with winding-up the Plan. This is referred to as 'the solvency estimate'.

For many schemes, the solvency estimate is expected to be significantly higher than the Plan's Technical Provisions, as insurers will assess the liabilities in a cautious manner reflecting their investment strategy, reinsurance costs, capital requirements and other factors. The assumptions used for the calculation of the Technical Provisions do not make the same allowance for these items and may for example include a higher expected additional return from investment in riskier asset classes.

The assumptions I have used for the solvency estimate are also summarised in **Appendix D**. Whilst I am satisfied that these assumptions are appropriate for the purpose of the solvency estimate, and in particular that they satisfy the requirements of Regulation 7(6)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005, the Trustee should understand that:

- The assumptions are only intended to give a broad indication of likely annuity costs, and that an actual quotation could differ materially from this estimate.
- The expenses associated with discontinuing a pension scheme are difficult to predict and the expense assumption should not be seen as a quotation of the likely expenses involved.

### Section 179 (PPF) basis

The Trustee is also required under Section 179 of the Pensions Act 2004 to obtain a valuation at least every three years on a basis that is set by the Pension Protection Fund (PPF). The results of this valuation are used by the PPF to determine any levy that is paid by the Plan to the PPF to provide compensation for members of pension schemes that are underfunded and the employer has become insolvent. Although not strictly part of the actuarial valuation, I have included details of the Section 179 valuation in this report.



### 3 Methodology and assumptions

The PPF requires the s179 valuation to include an allowance for the additional liabilities arising in respect of the equalisation of Guaranteed Minimum Pensions (GMP) between males and females (including backpay due up to the calculation date but excluding any impact relating to the 2020 Lloyds judgment). For this purpose, I consider the same loading as used in the results of the Scheme Funding valuation, being 1.50% of liabilities, to be appropriate. This allowance, in isolation, has been calculated using a best estimate basis rather than applying the principle of prudence, as permitted by the PPF.

The assumptions for the Section 179 valuation are prescribed by the PPF.



## 4 Information used

### Membership data

A summary of the membership data used for the valuation, along with a comparison with the data used for the previous valuation, is set out in **Appendix A**.

I am not aware of any significant changes to the membership since the previous valuation.

### Benefits

The Plan provides pension benefits in retirement and benefits on death either before or after retirement. The benefits provided by the Plan are set out in the Trust Deed & Rules dated 5 February 2008 and my understanding of these is summarised in **Appendix B**. I have made no allowance for discretionary benefits.

I am not aware of any significant changes to the benefits since the previous valuation.

A potentially landmark judgment in the High Court case of Virgin Media vs NTL Trustees was handed down on 16 June 2023 (and an appeal was dismissed the following year). The judge ruled that, where benefit changes were made without a valid 'section 37' certificate from the Scheme Actuary, those changes could be considered void. On 5 June 2025, the Government confirmed that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. Given this, the results of this valuation have been calculated assuming this ruling will not affect the Plan's benefits. The Trustee may wish to discuss this issue further with the Plan's legal advisers.

### Assets

The Plan includes both Money Purchase and Final Salary sections. The Money Purchase section of the Plan includes both Core and Non-Core Contributions:

- Core Contributions – DC assets allocated to members to which the Pensions Underpin applies
- Non-Core Contributions – DC assets allocated to members on a pure DC basis.

In addition the Final Salary Section Underpin Reserve includes the following:

- Pensioner Reserve Fund (PRF) – assets used to approximately back the liabilities of Pensioner members
- Trustee Reserve Account (TRA) – assets used to fund the difference between a member's notional account and the value of the Pensions Underpin.
- Bank account and net current assets.

I have been provided with a copy of the Trustee's audited Report and Accounts for the period ending 31 May 2025. This shows that the market value of the Plan's assets (including Non-Core Contributions) is £551m.

For the purposes of this report, the Non-Core Contributions are excluded from both the assets and liabilities since their inclusion would have a neutral effect on any deficit. A summary of the assets relevant for the actuarial valuation at 31 May 2025 are set out in the following table:



## 4 Information used

Asset type	Value £m
Core Contributions	272
Pensioner Reserve Fund	101
Trustee Reserve Account	62
Bank account and net current assets (including cash in transit)	1
<b>Total</b>	<b>436</b>

At 31 May 2025 the amount held in the Escrow Account was £119m, this has not been included in the assets above. At the previous valuation there was £51m held in the Escrow Account.

The Trustee's current investment strategy is set out in a Statement of Investment Principles dated January 2026. A breakdown of the actual investments held at the valuation date is set out in **Appendix C**. I have also included in **Appendix C** a summary of the contributions paid and the investment performance since the previous valuation.



## 5 Results

### Statutory Funding Objective

Using the methodology described above and the assumptions set out in **Appendix D**, the results of the valuation are as follows.

<b>Benefits already earned at the valuation date:</b>	<b>£m</b>
In Service Deferreds	49
Deferreds	277
Pensioners	97
Lloyds 3 estimate	1
Expenses	8
<b>Technical Provisions</b>	<b>432</b>
<b>Market value of assets</b>	<b>436</b>
<b>Surplus</b>	<b>4</b>
<b>Funding level</b>	<b>101%</b>

### DB Underpin and excess Core Contributions

The total value of the DB underpin for In Service Deferred and Deferred members is £301m. There is an additional £25m of liability included in the table above in respect of excess DC Core Contributions for these members.

At the previous valuation, the additional liability in respect of excess DC Core Contributions was £0.3m. The increase in this amount is due to the significant rise in gilt yields, which leads to a lower value placed on the DB Underpin for each member.

It should be understood that these results indicate the expected cost of providing the Plan benefits using the chosen method and assumptions. The actual cost of providing the benefits will depend on the actual experience. The sensitivity of the results to the key assumptions is included as **Appendix E**.

My certificate confirming that the calculation of the Technical Provisions has been carried out in accordance with the relevant legislation is included in **Appendix F**.

### Contribution requirements

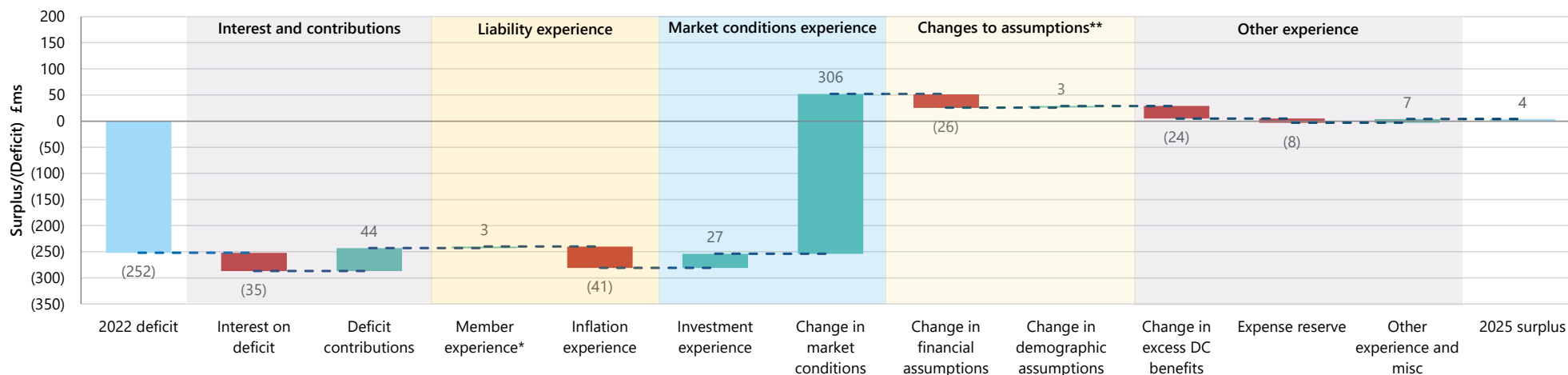
Details of the contributions agreed between the Trustee and the Employer are set out in a formal Schedule of Contributions. These documents are included in **Appendix F**. My certificate confirming that the Statutory Funding Objective is expected to be met throughout the period covered by the Schedule of Contributions is also included in **Appendix**



# 5 Results

## Reconciliation to previous valuation

The previous valuation was carried out as at 31 May 2022. The results are summarised in my report dated 25 May 2023 and show a funding level of 58% corresponding to a deficit of £252m. The key factors that have influenced the funding level of the Plan over the period are as follows:



\* e.g. transfers, mortality, withdrawal and salary experience

\*\* excluding changes in market conditions



## 5 Results

### Low dependency estimate

The results of the valuation using the low dependency funding assumptions as described in **Appendix D** are as follows:

<b>Low dependency funding estimate:</b>	<b>£m</b>
In Service Deferreds	51
Deferreds	287
Pensioners	101
Lloyds 3 estimate	1
Expenses	9
<b>Estimate of solvency liabilities</b>	<b>449</b>
<b>Market value of assets</b>	<b>436</b>
<b>Deficit</b>	<b>(13)</b>
<b>Funding level</b>	<b>97%</b>

At the valuation date, the funding level on the proposed low dependency is lower than that measured on the Technical Provisions basis as the low dependency basis contains further margins for prudence.

However, the Technical Provisions assumptions have been set such that they converge to the low dependency assumptions by 31 May 2029 (the Final Test Date for the escrow arrangement). This means that the Technical Provisions liabilities will also converge to the low dependency liabilities before the relevant date of 31 May 2042.

### DB Underpin and excess Core Contributions

The total value of the DB underpin for In Service Deferred and Deferred members is £318m. There is an additional £20m of liability included in the table above in respect of excess DC Core Contributions for these members.



## 5 Results

### Solvency estimate

The results of the valuation using the assumptions for the solvency estimate described in **Appendix D** are as follows:

<b>Solvency estimate:</b>	<b>£m</b>
In Service Deferreds	56
Deferreds	306
Pensioners	105
Lloyds 3 estimate	1
Expenses*	9
<b>Estimate of solvency liabilities</b>	<b>477</b>
<b>Market value of assets</b>	<b>436</b>
<b>Deficit</b>	<b>(41)</b>
<b>Funding level</b>	<b>91%</b>
	<b>\$m</b>
Surplus / (Deficit) (\$ as at 31/05/2025**)	<b>(55)</b>
Surplus / (Deficit) at last valuation (\$ as at 31/05/2022**)	<b>(623)</b>

\*This item estimates the costs that the Plan might incur during a buy-out, excluding insurer expenses which are allowed for in the solvency basis assumptions.

\*\*\$/£ exchange rate used: 1.3462 (2025) and 1.2609 (2022) (source: www.macrotrends.net)

As at 31 May 2022 the solvency funding level was estimated to be 41%.

The Plan would not have had sufficient assets at the valuation date, based on the assumptions, to secure full benefits with an insurance company. If the Plan had wound up at the valuation date, the Employer would have been obliged to make good any shortfall. However, if the Employer were unable to do so, for example due to insolvency, the assets would have been applied to secure benefits in line with the statutory priority order that applied at the valuation date. The coverage of benefits falling into each priority class is estimated in the following table:

<b>Category of benefit</b>	<b>Coverage level</b>
Expenses and defined contribution benefits	100%
Benefits equivalent to current PPF compensation	100%
Other benefits	61%

This shows that the Plan would have had sufficient assets to secure benefits for members in excess of the compensation currently provided by the PPF. This means that had the Plan wound up at the valuation date with no further funds available from the Employer, it is unlikely that the Plan would have entered the PPF. Instead the assets of the Plan would have been applied to secure benefits in the proportions set out above, but members would not have received their full benefit entitlement.

This assessment excludes any recovery under the parental guarantee or escrow arrangement.

### DB Underpin and excess Core Contributions

The total value of the DB Underpin for In Service Deferred and Deferred members is £355m. The figures for these members in the table on the previous page include the following:



## 5 Results

- An additional £10m in respect of excess Core Contributions (this is lower than £25m for the Technical Provisions results as the value of the DB Underpin is greater on the Solvency basis and therefore bites for more members relative to their Core Contributions).
- An adjustment of approximately -1% in respect of an insurer transaction loading. Larger schemes are more attractive to insure and therefore attract more competitive rates, although this is offset to some extent by the level of non-pensioners in the Plan, which are more uncertain to insure and therefore attracts less competitive rates.

At the previous valuation, the additional liability in respect of excess DC Core Contributions was nil. As for the Technical Provisions basis, the increase this time is due to the significant rise in gilt yields, which leads to a lower value placed on the DB Underpin for each member.

### Projected future results

The progression of the funding level over time is influenced by a large number of factors, including the experience of the Plan's membership, the investment return achieved.

I expect that the funding level will be broadly similar in 3 years at the time of the next valuation, on both the Technical Provisions and Solvency bases. This is assuming no contributions are paid into the Plan as set out in Schedule of Contributions included in Appendix F.

A certificate setting out the results of the Section 179 valuation using the method and assumptions prescribed by the PPF is included in **Appendix F**. The details set out on this certificate must be provided to the PPF via The Pensions

Regulator's Exchange System no later than 31 August 2026.

### Valuation submission

The Pensions Regulator uses a twin track approach to assess valuations, with schemes having the option to do a "Fast Track" or "Bespoke" submission.

To be eligible for a Fast Track submission, the outcome of a valuation must meet a series of objective parameters (the Fast Track parameters). The Fast Track parameters specify minimum funding targets, maximum levels of investment risk to be assumed for funding and maximum recovery plan lengths.



My certificate confirming that the Fast Track parameters are met is also included in **Appendix F**.



## 6 Risks






There are many factors that affect a scheme's funding position and could lead to future volatility in the funding level and the Statutory Funding Objective not being met within the timescales expected. These factors may also have an impact on the future solvency position, the ability of the Plan to pay full transfer values.

Some of the key risks that could have a material impact on the Plan are described below.

Current risks	Current mitigation
 <p><b>Employer covenant risk:</b> One of the greatest risks to the ability of the Plan to meet members' benefits in the future is that the Employer may be unable to fund future deficits. The Trustee should form an objective assessment of the strength of the employer covenant when deciding at what level to set the Technical Provisions and how quickly any deficit should be eliminated. The Trustee should also monitor the strength of the employer covenant over time, so that any sudden changes in the Employer's position can be mitigated.</p>	<p>The Trustee regularly monitors the strength of the covenant and receives an in-depth independent covenant review from Cardano as part of each actuarial valuation.</p>
 <p><b>Investment risk:</b> Allowance is made in the assumptions for the expected long-term performance of risky asset classes such as equities. There is a risk that these returns will not be achieved in practice which would result in further contributions being required. Further, the value of the Plan's assets may not move in line with the Plan's liabilities. The Trustee should regularly review the investment strategy to ensure the risks are understood and managed appropriately. There is also a risk that the Plan's investments are not significantly liquid to meet the future benefit cashflows.</p>	<p>The Trustee regularly reviews the performance of the Plan's assets and consults with their advisers regarding the investment strategy on a periodic basis.</p> <p>Due to the DC nature of the Plan, a greater level of risk will always be present compared with other DB schemes. The strength of the Employer covenant, parental guarantee and Escrow Account are all key mitigation factors.</p>



## 6 Risks

	<p><b>Inflation risk:</b></p> <p>In projecting the future benefit payments, assumptions are made regarding future price inflation. There is a risk that the actual rate of inflation will be higher than assumed which will increase the cost of providing the benefits. This would result in additional contributions being required and a deterioration in the financial position unless investment returns are similarly higher than expected. The Trustee should therefore consider the inflation risk present within the Plan when reviewing the investment strategy.</p>	<p>The Trustee periodically reviews the level of inflation risk inherent in the Plan's investment strategy with their investment advisers.</p>
	<p><b>Mortality risk:</b></p> <p>It is not possible to predict with certainty how long members of the Plan will live and, if members live longer than expected, additional contributions will be required to prevent a deterioration in the Plan's financial position. The Trustee should therefore keep the mortality assumptions under review.</p>	<p>The Trustee takes advice from their Scheme Actuary on appropriate changes to the Plan's mortality assumptions.</p>
	<p><b>Member option risk:</b></p> <p>Certain benefit options may be exercised by members without requiring the consent of the Trustee or the Employer, for example commutation of pension for cash at retirement or taking a transfer value. For example, allowance is made in the assumptions for members to exchange pension for cash at retirement. If the number of members taking up this option or the terms are not as assumed, then funding shortfalls could arise. The Trustee should regularly review the terms for exercising these options to ensure that they are appropriate.</p>	<p>The Trustee reviews the member option terms at least once every 3 years in order to ensure they remain appropriate and use market related commutation factors (updated monthly).</p>
	<p><b>Legislative risk:</b></p> <p>Changes in legislation could increase the value of the Plan's liabilities. The Trustee should therefore take professional advice to ensure that they are aware of any changes in legislation and the impact of these changes on the Plan's funding position.</p>	<p>The Trustee receives regular updates on legislative matters from their advisers.</p>
	<p><b>Climate risk:</b></p> <p>The Plan faces potential risks from both the physical effects of climate change and the transition to a low-carbon economy. Climate risk may manifest itself through any of the other risks identified above, including investment and inflation risk, potentially causing a deterioration in the Plan's funding position. The Task Force on Climate-related Financial Disclosures (TCFD) is a framework that aims to help companies and investors measure, manage, and report their climate-related risk exposures and opportunities in a consistent manner. Large pension schemes are already subject to TCFD requirements and The Pensions Regulator encourages smaller pension schemes to use the same principles as part of their strategic decision-making.</p>	<p>The Trustee receives updates from their advisers and asset managers about how climate risks are allowed for in the Plan's investment strategy. The Trustee's policy on environmental, social and governance (ESG) issues, including climate change, is included in the Plan's Statement of Investment Principles.</p>



## Appendix A - Summary of member data

A summary of the membership data used in the valuation is as follows. The membership data from the previous valuation is also shown for comparison. All average ages are weighted by the proposed Scheme Funding liability.

The membership data excludes 287 members who have no Pensions Underpin benefit, 310 member were excluded in the 2022 valuation.

The summary differs slightly to that shown in the Trustee's Report and Accounts as it is based upon a more recent data extract. Therefore it reflects member movements (such as transfers out and retirements) which are effective before 31 May 2025, but which were processed at a later date.

### In Service Deferred Members

	31 May 2022			31 May 2025		
	Number	Average age	Basic Salary £m pa	Number	Average age	Basic Salary £m pa
Males	329	56	29	262	58	25
Females	116	56	8	87	59	7
<b>Total</b>	<b>445</b>	<b>56</b>	<b>37</b>	<b>349</b>	<b>58</b>	<b>32</b>

### Deferred Members

	31 May 2022			31 May 2025		
	Number	Average age	Pension at Date of Leaving £m pa	Number	Average age	Pension at Date of Leaving £m pa
Males	2,645	58	8	2,332	59	7
Females	1,251	56	3	1,169	58	3
<b>Total</b>	<b>3,896</b>	<b>57</b>	<b>11</b>	<b>3,501</b>	<b>59</b>	<b>10</b>

### Pensioner Members

	31 May 2022			31 May 2025		
	Number	Average age	Pension at Valuation Date £m	Number	Average age	Pension at Valuation Date £m
Males	405	68	2	696	68	5
Females	144	66	1	233	67	1
<b>Total</b>	<b>549</b>	<b>68</b>	<b>3</b>	<b>929</b>	<b>68</b>	<b>6</b>



## Appendix B - Summary of benefits

The following is a summary of my understanding of the main Plan benefits only. Full details are set out in the Plan's documentation, and no action should be taken based on the summary below without referring back to the formal documentation.

### General provisions

Member contributions:	The Plan closed to all future accrual from 31 December 2010.
Contracting-out status:	Prior to 31 May 2004 the Plan was contracted out of the State Second Pension on a Reference Scheme basis. After this date the Plan was contracted in.

### Pension benefits

Normal Retirement Age:	Age 65 unless otherwise specified in the member's contract of employment.
Pension on normal retirement:	For service up to 31 May 2004, the greater of: <ul style="list-style-type: none"><li>- The Pensions Underpin Formula = <math>1/80</math>th of Final Pensionable Salary for each year of service</li><li>- The value of the member's Core Contributions</li></ul> For service from 1 June 2004, benefits are pure DC.

Commutation of pension:	Part of the member's pension may be exchanged for a lump sum on retirement.
Increases in payment:	Pension in excess of GMP - in line with CPI inflation GMP - statutory increases
Increases in deferment:	Pension in excess of GMP - in line with CPI inflation GMP - statutory fixed rate

### Death benefits

Death in deferment:	A spouse's pension is payable based on Reference Scheme Test benefits. A lump sum is payable in addition equal to the difference between the member's notional account as at date of death and the value of the contracted out benefits. Benefits from Non-Core Contributions are also payable.
Death after retirement:	On death in the first five years, a lump sum equal to the outstanding balance of five years' pension payments is payable. A spouse's pension equal to one half of the member's pension in payment at death is payable. Benefits from Non-Core contributions are also payable depending on the options selected at retirement.



## Appendix C - Summary of assets and contributions

### Assets at 31 May 2025

The Plan includes both Money Purchase and Final Salary sections. The Money Purchase section of the Plan includes both Core and Non-Core Contributions:

- Core Contributions – DC assets allocated to members to which the Pensions Underpin applies
- Non-Core Contributions – DC assets allocated to members on a pure DC basis.

In addition, the Final Salary Section Underpin Reserve includes the following:

- Pensioner Reserve Fund (PRF) – assets used to approximately back the liabilities of Pensioner members
- Trustee Reserve Account (TRA) – assets used to fund the difference between a member's notional account and the value of the Pensions Underpin.
- Bank account and net current assets.

	£m	Actual allocation
Core Funds	272	63%
PRF	101	23%
TRA	62	14%
<b>Total investments</b>	<b>435</b>	<b>100%</b>
Net current assets	1	
<b>Total market value of assets</b>	<b>436</b>	

The actual return achieved on the Plan's investments since the previous valuation was approximately 8% pa.

Given the DC nature of the majority of the assets in the Plan, I have not shown a "target asset allocation" as this would depend upon future member investment choices.

As at 31 May 2025, there was £119m within the Escrow Account, At the previous valuation the funds in the Escrow Account totalled £51m.

I have been provided with a copy of the final Trustee's Report and Accounts for the period ending 31 May 2025, which shows that the market value of the Plan's assets, (including Non-Core Contributions) is £551m.



# Appendix C - Summary of assets and contributions

## Contributions since previous valuation

The previous valuation resulted in a formal Schedule of Contributions being put in place with effect from 1 June 2023. The contributions payable under this schedule can be summarised as follows.

- Contributions of £20m pa would be paid to the Plan with effect from 1 June 2023 until 31 May 2024
- Contributions would also be paid into the Escrow Account of £20m pa between 1 June 2023 and 31 May 2024 and £31m pa from 1 June 2024 to 31 May 2029.
- The Employer pays the expenses of running the Plan directly (including any levies payable to the Pension Protection Fund (PPF)), with the following exceptions:
  - any levies payable to the Pensions Regulator (TPR)
  - any Annual Management Charges in respect of assets held in the Escrow Account, if those charges cannot be paid from the Escrow Account.
  - any other expenses which are in isolation under £50,000, subject to the total of such expenses paid since 1 June 2023 being less than £250,000 in aggregate

I understand that contributions have been paid in accordance with this schedule. Over the period since the previous valuation, the actual contributions that have been paid to the Plan were as follows (this includes contributions paid in accordance with the previous schedule that was in place prior to the current schedule being agreed, but excludes contributions paid to the Escrow Account):

<b>Contributions (£m) for the year ending:</b>	<b>31 May 2025</b>	<b>31 May 2024</b>	<b>31 May 2023</b>
Deficit contributions	-	20	20



## Appendix D - Summary of assumptions

	31 May 2022 Technical Provisions	31 May 2025 Technical Provisions	31 May 2025 Low dependency basis	31 May 2025 Solvency estimate
Pre-retirement discount rate	4.55% pa (gilts + 2% pa)	Up to 31 May 2029: BoE Gilt yield curve + 2.00% pa  From 31 May 2029: BoE gilt yield curve + 0.50% pa	BoE gilt yield curve + 0.50% pa	
Post-retirement discount rate	3.45% pa (gilts + 0.7% pa)	As the pre-retirement discount rate	BoE gilt yield curve + 0.50% pa	
Price inflation (RPI)	3.85% pa	BoE gilt-implied inflation curve supplemented with Merrill Lynch yield data at short terms	BoE gilt-implied inflation curve supplemented with Merrill Lynch yield data at short terms	BW Bulk Annuity Model
Price inflation (CPI) <ul style="list-style-type: none"> <li>Pre 2030:</li> <li>Post 2030</li> </ul>	RPI inflation less 1.00% pa  RPI inflation	RPI inflation less 0.80% pa  RPI inflation	RPI inflation less 0.80% pa  RPI inflation	
Pension increases	Based on relevant inflation assumption allowing for any caps or collars	Based on relevant inflation assumption allowing for any caps or collars	Based on relevant inflation assumption allowing for any caps or collars	
Salary increases	4.85% pa (RPI inflation + 1% pa)	RPI inflation plus 1.00% pa	RPI inflation plus 1.00% pa	



## Appendix D - Summary of assumptions

	31 May 2022 Technical Provisions	31 May 2025 Technical Provisions	31 May 2025 Low dependency basis	31 May 2025 Solvency estimate
Mortality tables	100% of S3NA_L tables	100% of S4NA_L tables	100% of S4NA_L tables	95% of S4NA_L tables
Allowance for improvements in life expectancy:				
Projection tables	CMI_2021	CMI_2024	CMI_2024	CMI_2022
Long-term improvement rate	1.50% pa	1.50% pa	1.50% pa	1.75% pa
Initial addition parameter	1.00% pa	1.00% pa	1.00% pa	0.50% pa
Smoothing parameter	7.0	7.0	7.0	7.0
2020 and 2021 weight parameters	0%	n/a	n/a	0%
2022 and 2023 weight parameters	n/a	n/a	n/a	2022=10%
Half-life parameter	n/a	1	1	n/a
Proportion married at retirement	80% of males and 70% of females	85% of males, 75% of females	85% of males, 75% of females	85% of males, 75% of females
Age and sex of dependant	Male members 3 years older than their female dependant, and vice versa	Male members 3 years older than their female dependant, and vice versa	Male members 3 years older than their female dependant, and vice versa	Male members 3 years older than their female dependant, and vice versa
Retirement age	Member's Normal Retirement Age	Member's Normal Retirement Age	Member's Normal Retirement Age	Member's Normal Retirement Age
Cash commutation	None	None	None	None
Allowance for expenses	None	None	2% of liabilities	See next page
Allowance for discretionary benefits	None	None	None	None
Allowance for GMP equalisation	Member specific allowance for the current membership (using dual records for pensioner members and a continuation of the 1.5% loading for non-pensioners based on previous member specific calculations) plus a fixed reserve of £1m in respect of historic transfers out of the Plan			



## Appendix D - Summary of assumptions

### Fast Track minimum low dependency basis

To be eligible for a Fast Track valuation submission, the Plan's low dependency assumptions must be at least as strong as those specified by TPR guidance (the Fast Track minimum low dependency basis). My proposals for the Fast Track minimum low dependency assumptions are the same as for the proposed low dependency basis.

### Note on Solvency estimate assumptions

The basis used for the solvency estimate reflects a general view of annuity pricing, based on Barnett Waddingham's research into the insurance market and taking account of the pricing that Barnett Waddingham has observed across a range of transactions. These prices will include the insurer's anticipated running costs for the future administration of the pensions. Whilst I am satisfied that these assumptions are appropriate for the purpose of the solvency estimate, and in particular that this estimate satisfies the requirements of Regulations 7(4)(b) and 7(6)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005, the Trustee should understand that my calculations are only intended to provide a broad indication of likely annuity costs, and that an actual quotation could differ materially from this estimate.

Assets for the solvency estimate have been taken at market value as set out in the final accounts, adjusted to remove Non-Core Contributions.

The expenses associated with discontinuing a pension scheme are difficult to predict and can be significant. For the purposes of my calculations, I have made an allowance for expenses of £9m, being 2% of the solvency liabilities, in addition to insurer expenses which are allowed for in the solvency basis assumptions. Please also note that this figure does not include any allowance for the purchase of trustee liability insurance post wind-up (i.e. "run-off cover").

Although I believe this allowance to be a reasonable provision for the purposes of the valuation, it should not be seen as a quotation of the likely expenses involved.

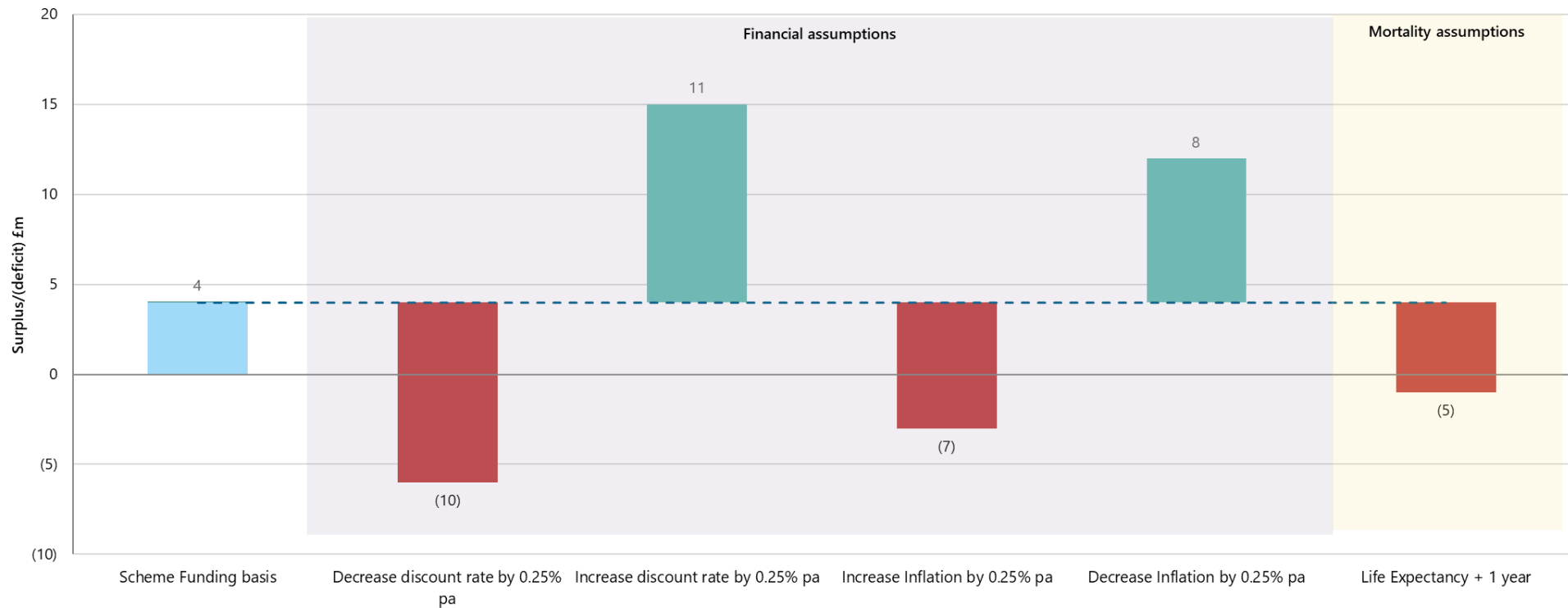


## Appendix E - Sensitivity analysis

### Impact of experience not being in line with assumptions

The Technical Provisions are based on a particular set of assumptions but actual experience could be significantly better or worse than assumed. The sensitivity of the results to some of the key assumptions is set out in the chart below and the corresponding risks are described in **section 6**.

The figures in the chart are shown relative to the surplus of £4m and funding level of 101% on the Scheme Funding basis. The data labels on each bar show the absolute change in surplus:



## Appendix F - Valuation documents

The following documents have been agreed between the Trustee and Employer as part of the valuation process and are included in this appendix:

- **Statement of Funding Principles**, setting out the Trustee's funding objectives and the action to be taken if those objectives are not met.
- **Schedule of Contributions**, setting out the contributions payable to the Plan by the Employer from 31 March 2026.

The following actuarial certificates are required as part of the valuation process and are included in this appendix:

- **Certification of the calculation of the Technical Provisions**, which confirms that the Technical Provisions have been calculated in accordance with the regulations and the Trustee's Statement of Funding Principles.
- **Certification of the Schedule of Contributions**, which confirms that the Statutory Funding Objective is expected to be met throughout the period covered by the Schedule of Contributions.

### Section 179 valuation

A certificate setting out the results of the Section 179 valuation using the method and assumptions prescribed by the PPF is also included in this appendix.

### Actuarial confirmation for Fast Track submission

A confirmation from myself, in my capacity as scheme actuary, that the Plan is eligible for TPR's more streamlined Fast Track submission.

