THE ORACLE UK PENSION PLAN

(Plan Registration Number 10176821)

ANNUAL REPORT FOR THE YEAR ENDED 31 MAY 2023

Table of contents

The Trustee's Report

Introduction

This report relates to the operation of The Oracle UK Pension Plan ("the Plan") during the year ended 31 May 2023.

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

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

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

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

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

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

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

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

Management of the Plan

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

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

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

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

The directors of Dalriada Trustees Limited are DN Copeland (resigned 30 September 2022), RD Fogarty, AB Kennett, T Lukic, CJ Roberts, BD Spence, KS Stafford and V Vassou. The directors of Dalriada Trustees Limited were appointed in accordance with that company's Memorandum and Articles of Association.

The Trustee's Report (Cont)

There were four full Trustee meetings, which included Governance & Operations matters. In addition, investment meetings were held which included consultation with the employer to review the investment strategy.

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

Changes to Plan Rules

There have been no changes to the Plan Rules during the year under review.

The Sponsoring Employer

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

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

Plan advisers

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

Plan Actuary	P Hubbold
Advising Actuaries	Barnett Waddingham LLP
Independent Auditor	RSM UK Audit LLP
Investment Managers	Phoenix Life Limited
Investment Advisers	Isio Group Limited
Legal Advisers	Eversheds LLP
Administrator of the Plan Benefits	Barnett Waddingham LLP
Bankers	Lloyds Bank Plc
Employer Covenant Advisers	Cardano Advisory Limited
Secretary to the Trustee	N Lee – Oracle Corporation UK Limited (resigned 1 January 2023) L Coomber - Dalriada Trustees Limited (appointed 1 January 2023)

Changes in and other matters relating to Plan advisers

Except those noted above, there have been no changes to Plan advisers and other matters during the Plan year under review.

The Trustee's Report (Cont)

Financial development of the Plan

During the year the value of the net assets increased by £4,793,846 to £468,514,280 as at 31 May 2023. The increase comprised of a net addition from dealings with members of £724,389 together with a net increase from the return on investments of £4,069,457.

Plan Audit

The financial statements on pages 21 to 33 have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Tax status of Plan

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

Plan membership

	Number as at start of year	Changes in year	Number as at end of year
In service preserved	444		
left (preserved pensioners)		(32)	
retired		(3)	
died		(3)	
		(38)	406
Preserved pensioners	4,199		
late notification (new (from in service preserved))		1	
late notification (retired)		(2)	
new (from in service preserved)		32	
retired		(90)	
transferred out		(35)	
transferred out (divorce)		(1)	
died		(4)	
fund as flexible payment		(1)	
		(100)	4,099
Pensioners and dependants	558		
late notification (new pensioners)		2	
new pensioners		93	
new dependants		6	
died		(10)	
		91	649
Grand total members	**5,201**		**5,154**

The member numbers shown above reflect the number of member records held by the Plan.

The Trustee's Report (Cont)

Pension increases

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

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

The increase applied with effect from 1 April 2023 was 5.0% (2022: 3.1%). No discretionary increase was awarded.

Transfer values

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

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

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

Data Protection Act 2018 and General Data Protection Regulation

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

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

Codes of Practice

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

Trustee knowledge and understanding

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

The Trustee's Report (Cont)

The Pensions Regulator: Record Keeping

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

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

GMP equalisation

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

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

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The financial implications were taken into account when the actuarial valuation at 31 May 2022 was completed. The Trustee will be considering payments for members who have transferred their benefits to other providers at future meetings and decisions will be made as to the next steps.

In March 2022, a payment was made to various members of the Plan as part of the GMP equalisation exercise to uplift current pensions and back-payment to current pensioners. A payment to uplift past transfers out is still being calculated and is outstanding at the date of signing these accounts, however the Trustees are satisfied that per initial estimates, the liability is not expected to be material. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, it is not possible to estimate the value of any such adjustments at this time.

The Trustee's Report (Cont)

Contact for further information

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

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

Alternatively you may contact the Plan administrators online at:
https://logon.bwebstream.com/shared/contact or telephone: 0333 1111 222

The Trustee's Report (Cont)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

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

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

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

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

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

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

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on The Oracle UK Pension Plan website.

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

The Trustee's Report (Cont)

Report on Actuarial Liabilities

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

The most recent full actuarial valuation of the Plan was carried out as at 31 May 2022. The previous valuation was carried out as at 31 May 2019 and the funding position was updated in each interim year as required under section 224 of the Pensions Act 2004. The results of the most recent valuation and interim update as at 31 May 2023 are as follows:

	31 May 2022	31 May 2023
Assets	£346m	£356m
Technical Provisions	£598m	£418m
Surplus/(Deficit)	(£252m)	(£62m)
Funding level	58%	85%

The method and significant actuarial assumptions used to determine the Technical Provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles dated 19 May 2023):

Method

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

RPI inflation

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

CPI inflation

The CPI inflation assumption is set relative to RPI inflation less 1.0% p.a. prior to 2030 and equal to RPI inflation thereafter.

Pre-retirement discount rate

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

Post-retirement discount rate

The post-retirement discount rate is set relative to the return on Government bonds plus 0.7% p.a.

Pre-retirement asset return

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

The Trustee's Report (Cont)

Report on Actuarial Liabilities (Cont)

Pay increases

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

Increases in pensions in payment

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

Revaluations of deferred pensions in excess of GMP

In line with the CPI inflation assumption, subject to any caps as defined in the Scheme's Rules.

Life expectancies

Based on 100% of SAPS (S3NA) light year of birth tables for the relevant sex, making an allowance for improvements in the short term in line with the CMI 2021 projections with a long-term improvement rate of 1.50% p.a. an initial improvement parameter of 1% pa, and 2020/2021 weight parameters of 0%.

Early retirement

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

Withdrawals

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

Family details

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

Commutation

No allowance is made.

Guaranteed Minimum Pension (GMP) equalisation

An allowance is made for the requirement on all pension schemes to equalise benefits between men and women to allow for the differences in GMPs. At the valuation date, a member-specific allowance was made for the current membership of the Plan, plus a fixed reserve of £1.3m in respect of historic transfers out of the Plan.

The financial statements on pages 21 to 33 do not take into account liabilities which fall due after the year end. As part of the triennial valuation, the Scheme Actuary considers the funding position of the Plan and the level of contributions payable.

The Trustee's Report (Cont)

Investment managers

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

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

Financially Material Considerations

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

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

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

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

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

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

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

Non-Financially Material Considerations

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

The Trustee's Report (Cont)

Stewardship

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

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

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

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

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

Investment Principles

The Trustee has produced a Statement of Investment Principles as required by section 35 of the Pensions Act 1995 and a copy of the statement is included on page 73. The Statement of Investment Principles incorporates the Trustee's investment strategy.

Departures from Investment Principles

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

Custodian arrangements

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

Asset Allocation

The asset allocation as at 31 May 2023 is provided for the three largest funds below (Source: BlackRock and Invesco):

	Oracle Diversified Growth Fund (%)	Oracle Lifestyle Growth Fund (%)	Oracle Pensioner Reserve Fund (%)
UK and Overseas Equities	86.7	47.7	10.0
Bonds	8.3	42.5	82.2
Cash	3.2	4.1	4.9
Other	1.8	5.7	2.9
Total	**100.0**	**100.0**	**100.0**

The Trustee's Report (Cont)

Review of investment performance

Performance of the Plan's funds to 31 May 2023 is shown in the table below. Performance is shown net of fees against the respective benchmark with three- and five-year performance is annualised.

Plan Fund Performance (%) as at 31 May 2023

Fund	1-Year	3-Year (p.a.)	5-Year (p.a.)
Oracle Diversified Growth Fund	3.6%	5.0%	4.5%
Oracle Sustainable Global Equity Fund	5.1%	11.6%	10.0%
Oracle Passive UK Equity Fund	1.5%	10.3%	3.1%
Oracle Dynamic Growth Fund	1.0%	2.8%	2.8%
Oracle Property Fund	-16.0%	3.8%	1.1%
Oracle Corporate Bond Fund	-8.5%	-6.5%	-1.8%
Oracle Cash Fund	2.7%	0.9%	0.8%
Oracle Index Linked Gilt Fund	-20.6%	-10.3%	-3.8%
Oracle Pensioner Reserve Fund	-11.6%	-5.1%	-1.1%
Oracle Active Bond Fund (a)	1.9%	1.7	-
Oracle Lifestyle Growth Fund (b)	4.2%	4.5%	-

Source: Phoenix Corporate Investment Services

Returns stated net of fees. Where relevant fund and benchmark performance allow for changes in underlying fund constituents over period.

(a) Longer-term performance data not available due to inception date at which Fund added for Plan members.
(b) Due to quarterly reporting frequency, Property benchmark index returns quoted to 30 June 2023 as indicative return comparator.

The Trustee's Report (Cont)

Market Commentary

The 12-month period to 31 May 2023 was defined by heightened inflation and rising interest rates in key developed market regions (US, UK, Europe). Against this backdrop, markets faced a challenging and volatile period as central bank rhetoric and investor sentiment fluctuated.

Investor focus at the beginning of the accounting period centred on central bank policy, with investors concerned over the impact of rising interest rates and the removal of accommodative monetary policy as central banks attempted to stem heightened inflation. Alongside this sentiment, investors remained cognisant of the ongoing conflict in Ukraine and the impact this continued to have on global markets, with Russia hit by economic sanctions and retaliatory measures on Russian oil exports and gas supply issues in Europe. This combination of supply chain pressures, rising energy prices and transportation costs exacerbated the already pronounced increase in inflation, putting further pressure on central banks to accelerate planned interest rate hikes. The sharp rise in interest rates amid heightened and stubborn inflation significantly weakened global economic growth forecasts and increased fears of a global recession over Q2 2022 and Q3 2022.

At the end of September 2022, the UK Government announced its plans for a substantial unfunded fiscal package. The announcement raised concerns over the UK's credibility to pay back long-term debt, resulting in a sharp fall in Sterling and the biggest sell-off in long dated UK government bonds since the 1990s. To provide some stability to markets, the Bank of England intervened with a short-term government bond purchasing programme over the first two weeks of October. The reversal of many of the policies announced in the "mini budget", and a change in political leadership, saw UK gilt yields stabilise over the final quarter of 2022. As a result, domestically focused areas of the UK equity market benefitted from the recovering outlook.

Financial markets ended the calendar year more positively, as investors pared back expectations of the pace and magnitude of near-term rate rises as elevated inflation began to ease slightly. This was despite a partial setback in December as central banks reaffirmed their commitment to the rate hiking cycle. Having sold off significantly in September, UK markets bounced back from their depleted valuations owing to the reversal of many of the policies announced in September's 'mini budget' and the Bank of England's emergency relief measures in an attempt to stabilise UK bond markets.

Financial markets started 2023 positively, continuing the positive sentiment that global inflation may have peaked and that interest rate hikes may slow or stop earlier than expected. This was despite a setback in March 2023 due to corporate liquidity fears caused by the collapse of Silicon Valley Bank and the UBS takeover of Credit Suisse. However, any volatility or concern arising from this was more than offset by the increase in valuation over January and February. Further interest rate increases occurred over April and May, which saw fixed income valuations detract, although equity and other risk assets continued to benefit from the positive investor risk sentiment as inflation appeared to moderate, particularly in the US.

Equity Market Commentary

Equity markets were largely positive over the 12-month period. Global equities returned 2.8% (MSCI AC, GBP hedged) in local currency terms over the year, while unhedged equities returned 3.1% (MSCI AC, unhedged).

UK equities ended the year marginally positive at 0.4% (FTSE All Share), with early gains made from its heavy bias to energy and financials offset by the political events and weakening sentiment over Q4 2022, and a broad-based weakness in commodity prices impacting energy and materials sectors over 2023.

US equities performed positively over the period, delivering a return of 2.9% (S&P 500, GBP hedged) as inflation eased, leading to a rally in high value 'growth' style stocks amid positive investor risk sentiment over 2023, as well as a boost in the technology sector due to enthusiasm around artificial intelligence.

The Trustee's Report (Cont)

Elsewhere, emerging market equities detracted primarily due to the negative impact of China's strict ongoing lockdown measures to control COVID-19, and a weakening sentiment over the Chinese economic recovery. Overall, Emerging Market equities ended the year negative, delivering a return of -4.3% (MSCI EM, GBP hedged).

Bond Market Commentary

Fixed income markets experienced high volatility over the year, owing to rising base rates and heightened inflation, both of which erode future fixed income streams. Despite the negative investor risk sentiment, investment grade credit underperformed subordinated debt, due to its greater sensitivity to interest rates. Global investment grade credit ended the year posting a negative return of -8.5% (FTSE Non-Gilts – All Maturities). Global high yield credit delivered a positive return of 1.4% (Global HY Index).

Fixed interest gilts (FTSE Gilts Over 15 years) and index-linked gilts (FTSE Index Linked Gilts Over 5 years) returned -28.6% and -26.9% over the period respectively, driven by the Bank of England's rate hiking cycle and increasing inflation expectations. Gilt yields, and thus valuations, were significantly volatile over September and October owing to the market reaction to the UK government's "mini budget".

Property Commentary

The UK property market experienced significant negative performance, with valuation declines driven primarily by rising interest rates and the rising cost of debt.

The Trustee's Report (Cont)

Approval of Trustee's Report

This report was approved by the Trustee on

Date: ______________________________

Signed on behalf of the Trustee:

____

Director of Dalriada Trustees Limited

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

Opinion

We have audited the financial statements of The Oracle UK Pension Plan for the year ended 31 May 2023 which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 May 2023, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent Auditor’s Report (Cont)

Other information

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

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

Independent Auditor's Report (Cont)

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

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

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

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

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

Use of our report

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

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

Date:

Summary of Contributions payable in the year

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

	£
Employer deficit funding contributions	20,000,004
Contributions payable under the Schedule of Contributions	20,000,004

Signed on behalf of the Trustee:

____

Director of Dalriada Trustees Limited

Date: ____

Independent Auditor's Statement about Contributions

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

Statement about contributions payable under schedule of contributions

We have examined the summary of contributions payable to The Oracle UK Pension Plan on page 19, in respect of the Plan year ended 31 May 2023.

In our opinion the contributions for the Plan year ended 31 May 2023 as reported in the attached summary of contributions on page 19 and payable under the schedule of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the actuary on 23 October 2010 and 25 May 2023.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 19 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the schedules of contributions.

Respective responsibilities of Trustee and auditor

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

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

Use of our statement

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

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

Date:

The Financial Statements

Fund Account

for the year ended 31 May 2023

	Note	31 May 2023			31 May 2022
		Final salary section underpin reserve £	Money purchase section £	Total £	Total £
Contributions and benefits					
Employer contributions		20,000,004	-	20,000,004	17,900,003
Total contributions	4	20,000,004	-	20,000,004	17,900,003
Transfers in	5	332,582	-	332,582	-
		20,332,586	-	20,332,586	17,900,003
Benefits paid or payable	6	(3,683,386)	(6,047,541)	(9,730,927)	(7,478,198)
Payments to and on account of leavers	7	(2,793,623)	(7,049,173)	(9,842,796)	(10,485,838)
Administrative expenses	8	(31,286)	(3,188)	(34,474)	(71,705)
		(6,508,295)	(13,099,902)	(19,608,197)	(18,035,741)
Net additions / (withdrawal) from dealings with members		13,824,291	(13,099,902)	724,389	(135,738)
Returns on investments					
Investment income	9	8,400	4,004	12,404	-
Change in market value of investments	10	(7,333,287)	11,390,340	4,057,053	(12,699,516)
Net returns on investments		(7,324,887)	11,394,344	4,069,457	(12,699,516)
Net increase / (decrease) in the fund during the year		6,499,404	(1,705,558)	4,793,846	(12,835,254)
Transfers between sections	18	9,996,345	(9,996,345)	-	-
Net assets of the Plan					
At 1 June		95,772,766	367,947,668	463,720,434	476,555,688
At 31 May		112,268,515	356,245,765	468,514,280	463,720,434

The notes on pages 23 to 33 form part of these financial statements.

Statement of Net Assets

available for benefits as at 31 May 2023

	Note	31 May 2023			31 May 2022
		Final salary section underpin reserve £	Money purchase section £	Total £	Total £
Investment assets:					
Pooled investment vehicles	12	109,979,009	356,011,880	465,990,889	461,076,782
Cash	10	211,000	192,781	403,781	845,741
Total net investments		110,190,009	356,204,661	466,394,670	461,922,523
Current assets	16	2,138,871	747,801	2,886,672	2,799,121
Current liabilities	17	(60,365)	(706,697)	(767,062)	(1,001,210)
Net assets of the Plan at 31 May available for benefits		112,268,515	356,245,765	468,514,280	463,720,434

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

The notes on pages 23 to 33 form part of these financial statements.

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

Date: ____________________

Signed on behalf of the Trustee:

____

Director of Dalriada Trustees Limited

Notes to the Financial Statements

1. Basis of preparation

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

The financial statements as at 31 May 2023 have been prepared on a going concern basis of accounting as in the opinion of the Trustee, with the Oracle Corporation guarantee in place, no material uncertainty exists that may cast doubt on the Plan's ability to continue as a going concern. In reaching this conclusion the Trustee has considered funding and operational matters and the position of the Employer and believe the Employer and its parent to be in a sufficiently strong position to provide such a guarantee.

2. Identification of the financial statements

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

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

3. Accounting policies

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

Currency

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

Contributions

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

Payments to members

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

Expenses

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

Investment income

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

Investments

- The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.
- Unitised pooled investment vehicles have been valued at the latest available single price provided by the pooled investment manager.
- Annuities purchased by the money purchase section fully provide certain members with benefits but are not included as assets of the Plan as they are deemed to be covered by the Plan. The cost of purchasing these annuities is reported under benefits payable within the Fund Account.

Transfers between sections

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

Notes to the Financial Statements (Cont)

4. Contributions

	Final salary section underpin reserve	2023 Money purchase section	Total
	£	£	£
Employer contributions			
Deficit funding	20,000,004	-	20,000,004
		2022	
Employer contributions			
Deficit funding	17,900,003	-	17,900,003

An actuarial valuation was carried out as at 31 May 2022. The Schedule of Contributions agreed as part of that valuation (dated 19 May 2023) requires that deficit contributions of £1,666,667 per month are paid to the Plan from 1 June 2022 to 30 May 2024, which have been paid as required and are continuing to be paid post year end.

Following completion of the 2022 actuarial valuation and in accordance with the 19 May 2023 Schedule of Contributions, annual review amounts are no longer accruing and as a result the deferred amount outstanding at 31 May 2023 was nil.

5. Transfers in

	Final salary section underpin reserve	2023 Money purchase section	Total
	£	£	£
Individual transfers in from other Plans	332,582	-	332,582
		2022	
Individual transfers in from other Plans	-	-	-

Notes to the Financial Statements (Cont)

6. Benefits paid or payable

	2023		
	Final salary section underpin reserve	Money purchase section	Total
	£	£	£
Pensions	3,353,590	-	3,353,590
Commutation of pensions and lump sum retirement benefits	216,003	3,662,945	3,878,948
Purchase of annuities on retirement	-	1,636,783	1,636,783
Lump sum death benefits	-	747,813	747,813
LTA charges	113,793	-	113,793
	3,683,386	6,047,541	9,730,927
	2022		
Pensions	2,647,338	-	2,647,338
Commutation of pensions and lump sum retirement benefits	493,536	3,491,445	3,984,981
Purchase of annuities on retirement	-	372,604	372,604
Lump sum death benefits		415,874	415,874
LTA charges	53,281	4,120	57,401
	3,194,155	4,284,043	7,478,198

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

7. Payments to and on account of leavers

	2023		
	Final salary section underpin reserve	Money purchase section	Total
	£	£	£
Individual transfers to other schemes	2,793,623	7,049,173	9,842,796
	2022		
Individual transfers to other schemes	2,689,019	7,796,819	10,485,838

Notes to the Financial Statements (Cont)

8. Administrative expenses

	Final salary section underpin reserve	2023 Money purchase section	Total
	£	£	£
Levies	27,110	-	27,110
Bank charges	1,676	698	2,374
Other fees	2,500	2,490	4,990
	31,286	3,188	34,474
		2022	
Levies	63,858	-	63,858
Bank charges	1,472	599	2,071
Other fees	5,776	-	5,776
	71,106	599	71,705

In line with the Schedule of Contributions the Trustee has agreed certain fees which are in isolation under £50,000 will be paid by the Plan, subject to a total of expenses paid since 1 June 2023 being less than £250,000 in aggregate.

All other administrative expenses are met by the Sponsoring Employer.

9. Investment income

	Final salary section underpin reserve	2023 Money purchase section	Total
	£	£	£
Interest on cash deposits	8,400	4,004	12,404
		2022	
Interest on cash deposits	-	-	-

Notes to the Financial Statements (Cont)

10. Reconciliation of investments

Not allocated to members	Value at 31 May 2022 £	Purchases at cost £	Sales proceeds £	Change in market value £	Value at 31 May 2023 £
Final salary section underpin reserve					
Pooled investment vehicles					
-Trustee Reserve account	29,250,848	19,804,739	(10,774,224)	1,302,619	39,583,982
-Pensioner Reserve account	64,706,295	17,920,284	(3,595,646)	(8,635,906)	70,395,027
	93,957,143	37,725,023	(14,369,870)	(7,333,287)	109,979,009
Cash in transit	477,107				211,000
	94,434,250				110,190,009
Allocated to members					
Money purchase section					
Pooled investment vehicles	367,119,639	28,486,525	(50,984,624)	11,390,340	356,011,880
Cash in transit	368,634				192,781
	367,488,273				356,204,661

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

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

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

	2023 £	2022 £
Members	356,011,880	367,119,639

11. Taxation

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

Notes to the Financial Statements (Cont)

12. Pooled investment vehicles

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

	2023	2022
	£	£
Final salary section underpin reserve		
Multi-asset	109,979,009	93,957,143
	109,979,009	93,957,143
Money purchase section		
Equities	16,604,810	17,223,580
Bonds	7,576,072	7,899,380
Multi-asset	321,744,834	331,522,710
Property	887,826	1,419,396
Cash	9,198,338	9,054,573
	356,011,880	367,119,639

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

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

13. Fair value determination

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

Level 1: The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset.

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

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

	As at 31 May 2023			
	Level 1	Level 2	Level 3	Total
Final salary section underpin reserve	£	£	£	£
Pooled investment vehicles	-	109,979,009	-	109,979,009
Cash	211,000	-	-	211,000
Money purchase section				
Pooled investment vehicles	-	356,011,880	-	356,011,880
Cash	192,781	-	-	192,781
	403,781	465,990,889	-	466,364,670

Notes to the Financial Statements (Cont)

13. Fair value determination (Cont)

	As at 31 May 2022			
	Level 1	Level 2	Level 3	Total
Final salary section underpin reserve	£	£	£	£
Pooled investment vehicles	-	93,957,143	-	93,957,143
Cash	477,107	-	-	477,107
Money purchase section				
Pooled investment vehicles	-	367,119,639	-	367,119,639
Cash	368,634	-	-	368,634
	845,741	461,076,782	-	461,922,523

14. Investment risk disclosures

Investment risks

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

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

Summary of risk exposures

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

Breakdown by asset class	Value	Credit Risk	Currency Risk	Interest Rate Risk	Other Price Risk
Equities	16,604,810	Some exposure	Significant exposure	Negligible exposure	Significant exposure
Bonds	7,576,072	Significant exposure	Negligible exposure	Significant exposure	Negligible exposure
Multi-Asset	431,723,843	Some exposure	Some exposure	Some exposure	Some exposure
Property	887,826	Some exposure	Negligible exposure	Some exposure	Some exposure
Cash	9,198,338	Some exposure	Negligible exposure	Some exposure	Negligible exposure

Notes:
Includes Section 1 Core, Section 1 Non-core and Section 2 assets.
Aggregate values allow for asset class split within blended funds e.g. Oracle DGF, Oracle PRF, Oracle Lifestyle Growth Fund
Source: Phoenix and Isio calculations (valuations), Investment Managers for risk exposures

Notes to the Financial Statements (Cont)

14. Investment risk disclosures (Cont)

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in following the investment strategy set out in the SIP which can be found on page 73.

Measuring and Managing

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

Credit Risk

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

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

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

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

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

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

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

	2023	2022
	£	£
Unit linked insurance contracts	456,792,551	438,530,922
Open ended investment companies	9,198,338	22,545,861
	465,990,889	461,076,783

Currency Risk

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

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

Interest Rate Risk

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

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

Notes to the Financial Statements (Cont)

Other Price Risk

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

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

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

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

15. Concentration of investments

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

	2023		2022	
	£	%	£	%
Phoenix CIS Oracle Diversified Growth FDS	235,299,802	50.3	240,664,989	51.9
Phoenix CIS Oracle Pensioner Reserve Fund	70,395,028	15.0	64,706,295	14.0
Oracle Lifestyle Growth Fund	78,726,993	16.8	82,776,712	17.8
Oracle Diversified Growth Fund	39,583,982	8.5	29,250,848	6.3

16. Current assets

	2023		
	Final salary section underpin reserve	Money purchase section	Total
	£	£	£
Prepayments	417	-	417
Cash balances	2,138,454	747,801	2,886,255
	2,138,871	747,801	2,886,672
		2022	
Prepayments	2,803	-	2,803
Cash balances	1,373,205	1,423,113	2,796,318
	1,376,008	1,423,113	2,799,121

Included in the money purchase section bank balance is £nil (2022: £nil) which is not allocated to members.

Notes to the Financial Statements (Cont)

17. Current liabilities

	Final salary section underpin reserve	2023 Money purchase section	Total
	£	£	£
Unpaid benefits	(60,365)	(706,697)	(767,062)
Accrued expenses	-	-	-
	(60,365)	(706,697)	(767,062)
		2022	
Unpaid benefits	-	(963,718)	(963,718)
Accrued expenses	(37,492)	-	(37,492)
	(37,492)	(963,718)	(1,001,210)

18. Transfers between sections

	2023 Final salary section underpin reserve	Money purchase section
	£	£
Reclassification of assets	9,996,345	(9,996,345)
	2022	
Reclassification of assets	7,484,975	(7,484,975)

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

19. Related party transactions

Oracle Corporation UK Limited provides certain administration and other services to the Plan for which no charge is made. The Employer pays contributions to the Plan as disclosed in note 4. In addition, the Employer pays certain administrative fees in respect of the Plan as disclosed in note 8, with these fees being in relation to charges from TPR, Financial Ombudsman, MaPS and the Pension Tracing Service.

Fees paid to Dalriada Trustees Limited (who are key management personnel) by the Employer totalled £116,714 (2022: £89,722), not including an amount totalling £13,151 outstanding at year-end.

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

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

20. Employer-related investments

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

Notes to the Financial Statements (Cont)

21. Contingent liabilities

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

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

On 20 November 2020, the High Court handed down a further judgment on the GMP equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that defined benefit schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes.

The financial implications were taken into account when the actuarial valuation at 31 May 2022 was completed. The Trustee will be considering payments for members who have transferred their benefits to other providers at future meetings and decisions will be made as to the next steps. In March 2022, a payment was made to various members of the Plan as part of the GMP equalisation exercise to uplift current pensions and back-payment to current pensioners.

A payment to uplift past transfers out is still being calculated and is outstanding at the date of signing these accounts, however the Trustees are satisfied that per initial estimates, the liability is not expected to be material. Any adjustments necessary will be recognised in the financial statements in future years. At the date of signing these accounts, it is not possible to estimate the value of any such adjustments at this time.

Certificate of Adequacy of Contributions

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected, on 31 May 2022, to be met by the end of the period specified in the Recovery Plan dated 19 May 2023.

Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 19 May 2023.

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

Signature:		Date:	25 May 2023
Name:	Paul Hubbold	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address:	Barnett Waddingham LLP 3 Devon Way Longbridge Birmingham B31 2TS	Employer:	Barnett Waddingham LLP

Schedule of Contributions

Oracle UK Pension Plan - Schedule of Contributions

Status

This Schedule of Contributions has been prepared by the Trustee of the Oracle UK Pension Plan (the Plan), after obtaining the advice of the Scheme Actuary appointed by the Trustee. This document follows the actuarial valuation of the Plan as at 31 May 2022, which revealed a funding shortfall (technical provisions minus value of assets) of £252m. It has been agreed by the sponsoring employer, Oracle Corporation UK Limited (the Employer).

This Schedule replaces the existing schedule of contributions dated 23 October 2020 and is effective from 1 June 2023.

Contributions to be paid by the Employer

In respect of the future accrual of benefits

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

Payments to the escrow in respect of the shortfall in funding as set out in the Recovery Plan dated 19/05/2023

The Employer and Trustee have agreed as part of the 2022 actuarial valuation that the Employer will make payments in respect of the funding shortfall into an escrow arrangement as follows:

Period for which the payment relates	Amount
1 June 2023 – 31 May 2024	£1,250,000 per month for the 12 months from 1 June 2023 to 31 May 2024 payable no later than the last business day in each calendar month following the month to which the contribution relates.
1 June 2024 – 31 May 2029	£2,583,333 per month for the 5 years (i.e. 60 months) from 1 June 2024 to 31 May 2029 payable no later than the last business day in each calendar month following the month to which the contribution relates.

Contributions payable to the escrow in respect of the period from 1 June 2022 to 31 May 2023 were set out in the previous Schedule of Contributions and equate to £1,250,000 per month (i.e. £15m over the year).

The terms of the escrow arrangement are set out in the "Revised Funding Deed in relation to the Escrow Arrangement" dated 23 October 2020 (the Revised Funding Deed). Future payments due to the escrow arrangement can be reduced by any contributions paid to the escrow arrangement by the Employer since 1 June 2023 which are in excess of the amounts stated above.

In respect of expenses

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

- The levies payable to the Pensions Regulator will be paid directly from the Plan.
- The Trustee may determine that any annual management charges in respect of assets held in the escrow arrangement may be paid directly from the Plan if they cannot be paid from the escrow arrangement.

- The Trustee may determine that any other expenses which are in isolation under £50,000 will be paid directly from the Plan subject to the total of such expenses paid since 1 June 2023 being less than £250,000 in aggregate

In respect of augmentations

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

Payments to the Plan in respect of the shortfall in funding as set out in the Recovery Plan dated 19/05/2023

As part of the 31 May 2022 actuarial valuation, the Employer has separately agreed to make payments in respect of the funding shortfall into the Plan as follows:

Period for which the payment relates	Amount
1 June 2023 – 31 May 2024	£1,666,667 per month for the 12 months from 1 June 2023 to 31 May 2024 payable no later than the last business day in each calendar month following the month to which the contribution relates.

Contributions payable to the Plan in respect of the period from 1 June 2022 to 31 May 2023 were set out in the previous Schedule of Contributions and equate to £1,666,667 per month (i.e. £20m over the year).

Payments due to the Plan (or, after 31 May 2024, to the escrow) can be reduced by any contributions paid directly to the Plan by the Employer since 1 June 2023 which are in excess of the amounts stated above, except payments payable by the Employer:

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

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

Trustee Reserve Account (TRA) top up payments

To ensure that the Plan can meet its cashflow requirements, the Trustee and the Employer have agreed that if the amount in the TRA (as defined in the Revised Funding Deed) goes below £2m (as determined by the Trustee from the weekly updates received from the investment manager) the Employer is required to authorise a transfer payment of £2m from the escrow arrangement to the Plan within 10 working days of notification that a payment is required.

Final Test Date contribution from the escrow arrangement

The "Final Test Date" in the Revised Funding Deed is 31 May 2029. In accordance with the Revised Funding Deed, at the Final Test Date the Trustee may require the transfer of escrow monies to the Plan, up to a maximum of the deficit calculated using Technical Provisions assumptions as at that date (or the balance of the escrow arrangement at that date, if lower), provided that it has first entered into good faith discussions with the Employer about whether a lower amount can instead be transferred to the Plan to cover the shortfall in the TRA due to retirements, early retirements and transfers-out during the next three years. The Revised Funding Deed contains further details regarding the nature and timing of the calculations at the Final Test Date and the good faith discussions.

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

....	19/05/2023 ....
Signed on behalf of the Trustee of the Oracle UK Pension Plan	Date
....	19/05/2023 ....
Signed on behalf of Oracle Corporation UK Limited	Date

Implementation Statement

The Plan provides benefits on both a defined benefit (DB) and defined contribution (DC) basis.

The Plan is comprised of two sections (1 and 2). Section 1 is a hybrid of a DC Plan with a DB Underpin, Section 2 is pure DC. Under applicable legislation, the Plan, for the purpose of this Statement, is therefore a hybrid scheme (a scheme providing both DB and DC benefits).

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

Background

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

This regulatory change recognises Environmental, Social and Governance (ESG) factors as financially material and UK pension plan trustees are required to consider how these factors are managed as part of their fiduciary duty. The regulatory changes require the Trustee to detail policies in the Plan's Statement of Investment Principles ("SIP") and demonstrate adherence to these policies in an implementation report.

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

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

Statement of Investment Principles ("SIP")

The Trustee updated the SIP in February 2023 following strategic changes made to the underlying fund structure and list of funds offered to Plan members for Section 2 and Non-Core assets.

The SIP can be found online at the web address: https://myoraclepension.com/assets/download/formal-plan-docs/Statement%20of%20Investment%20Principles%20SIP%20February%202023.pdf

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

The Trustee is due to update the Plan's SIP to account for new regulations required by the DWP in relation to voting and engagement policies. This change will be reflected in future reporting.

Implementation Statement

This report demonstrates that the Oracle UK Pension Plan has adhered to its investment principles and its policies, over the 12-month period to 31 May 2023, for managing financially material considerations including ESG factors and climate change.

Signed

Position

Date

Implementation Statement (Cont)

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

Section 2 and Non-Core Assets – Fund Restructure

The Trustee's investment policy for Section 1 Non-Core and Section 2 contributions is to offer a range of fund options that they believe are appropriate in meeting members' short- and long-term investment objectives. In doing so, the Trustee has taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

In May 2022, the Trustee undertook a review of the default investment strategy and self-select fund range for Section 1 Non-Core and Section 2 contributions. The outcome of this review concluded that the design of some of the funds could be improved to:

- Maximise the long-term expected outcomes for members (although it is impossible to guarantee that this will happen); and
- Increase the extent to which ESG related factors are considered and incorporated within the investment arrangements available to members.

As a result of the review into the default investment strategy and self-select fund range for Section 1 Non-Core and Section 2 contributions, the Trustee agreed the following changes in respect of the fund structure:

- The addition and removal of fund options to streamline the number of options available to members, while retaining optionality and relevance;
- Replacing existing managers who have consistently underperformed their stated performance objective over the long-term, exhibit poor ESG credentials or charge a high management fee relative to their peers; and
- Increasing the availability of ESG related fund options.

No changes were made to the asset allocation underlying the default investment strategy or the life styling period prior to retirement. The transitional activity to implement the fund changes outlined above was completed on 1 December 2022.

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

Implementation Statement (Cont)

Trustee policies

The Trustee has identified both financially material and non-financially material risks, as outlined in the Plan's SIP, and agreed policies for managing these risks. Stewardship, including the exercise of voting rights and engagement activities, is set out in the engagement and voting summary tables further in this report.

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

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

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Investment	The risk that the Plan's funding position deteriorates relative to the value of the DB Underpin due to the assets underperforming.	• 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.	No strategic changes were made to the Oracle Diversified Growth Fund or the Oracle Pensioner Reserve Fund over the reporting period. Over the year, the Trustee continued to monitor the performance of these funds and the funding position of the Plan's Section 1 assets relative to the value of the DB Underpin with the help of its investment and actuarial advisors. This is achieved through quarterly reporting from both the Trustee's investment and actuarial advisors.
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.	• Funding risk is considered as part of the Section 1 investment strategy review and the actuarial valuation of the DB Underpin liabilities. • The Trustee invests in the Pensioner Reserve Fund to maximise the likelihood of DB Underpin liabilities being paid. • 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.	• When developing the Plan's investment and funding objectives, the Trustee takes account of the strength of the covenant and associated guarantees, ensuring the level of risk the Plan is exposed to is at an appropriate level for the covenant to support.	The Trustee carries out a covenant assessment as part of each tri-annual actuarial valuation. A covenant assessment took place after the accounting year end and will be reflected in future reporting.

Implementation Statement (Cont)

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

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.	No action, change or material deviation from stated policy over accounting period.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due.	The Trustee, with the support of their investment advisor, continued to monitor the Plan's collateral and liquidity position in the context of Company contributions as part of quarterly cashflow reporting.
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Trustee considers the level of diversification within the Section 1 Core assets as part of regular reporting and an annual investment strategy refresh.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors.	No action, change or material deviation from stated policy over accounting period within the Section 1 Core assets. For Section 1 Non-core and Section 2 assets, the Trustee replaced the fund underlying the Oracle Active Bond Fund due to manager underperformance. The Trustee also streamlined the fixed interest gilt and index-linked gilt fund options available to members to single "All Stocks" fund variants.

Implementation Statement (Cont)

<table>
<tr><td>Environmental, Social and Governance (“ESG”)</td><td>Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Plan’s investments.</td><td>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 monitors the managers on an ongoing basis.</td><td>No action, change or material deviation from stated policy over accounting period within the Section 1 Core assets.

ESG fund options were introduced for the Plan’s Section 1 Non-Core and Section 2 assets, including: an active Positive Impact Global Equity Fund, a passive Sustainable Global Equity Fund, a sustainable Multi-Asset Growth Fund, and an Islamic Equity Fund.

The Trustee carried out an annual impact assessment to evaluate each of the mandates on ESG grounds. The last assessment was carried out in May 2023.</td></tr>
<tr><td>Currency</td><td>The potential for adverse currency movements to have an impact on the Plan’s investments.</td><td>There are currently no arrangements to hedge currency risk, but there are domestic products available to members.</td><td rowspan="2">No action, change or material deviation from stated policy over accounting period</td></tr>
<tr><td>Non-financial</td><td>Any factor that is not expected to have a financial impact on the Plan’s investments.</td><td>Non-financial matters are not taken into account in the selection, retention or realisation of investments.</td></tr>
</table>

Implementation Statement (Cont)

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

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Inflation Risk	The risk that the real value (i.e. post inflation) value of members' accounts decreases.	The Trustee provides members with a range of lifestyle options and self-select funds, across various asset classes, with the majority expected to keep pace with inflation (with the exception of the money market and fixed interest bond funds). Members are able to set their own investment allocations, in line with their risk tolerances.	The Trustee reviewed the fund's underlying the default strategy and those available to members as self-select options in May 2022. This has since resulted in the Trustee enhancing member optionality, replacing underperforming managers, and better aligning the fund range with the Trustee's ESG beliefs. Members will continue to be able to choose their preferred investments in line with their risk tolerances and time horizon.
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.	The Trustee reviewed the suitability of the Plan's lifestyle strategies in May 2022. At this time the Trustee agreed the growth phase, lifestyle phase and "At retirement" phase remained suitable based on the members' preferred retirement destination.

Implementation Statement (Cont)

Changes to the SIP over the accounting year period

The Trustee updated the Plan's SIP in February 2023 to reflect the changes made to fund structure relating to the Section 1 Non-Core and Section 2 assets over the accounting year-period.

The list of risks, definitions and Trustee policies is set out in the tables in the previous section ("Trustee policies") can be found in Appendix B of the SIP.

The full list of funds available to members for Section 1 Non-core and Section 2 contributions can be found in Appendix D of the SIP.

The Trustee is due to update the Plan's SIP to account for new regulations required by the DWP in relation to voting and engagement policies. This change will be reflected in future reporting.

ESG as a financially material risk

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

The Trustee has considered financially material factors such as ESG issues as part of the investment process to determine a strategic asset allocation over the length of time during which the benefits are provided by the Plan for members. The Trustee believes that financially material considerations are implicitly factored into the expected risk and return profile of the asset classes they are investing in.

In endeavouring to invest in the best financial interests of the beneficiaries, the Trustee has elected to invest primarily through pooled funds. The Trustee acknowledges that it has limited influence on the ESG policies and practices of the companies in which the pooled funds invest. However, the Trustee does expect its fund managers and investment advisor to take account of financially material considerations when carrying out their respective roles.

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

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

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

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

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

Implementation Statement (Cont)

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

Risk Management	1. Integrating ESG factors, including climate change risk, represents an opportunity to increase the effectiveness of the overall risk management of the Scheme 2. ESG factors can be financially material and managing these risks forms part of the fiduciary duty of the Trustee
Approach / Framework	3. The Trustee should understand how asset managers make ESG decisions and will seek to understand how ESG is integrated by each asset manager. 4. ESG factors are relevant to investment decisions in all asset classes. 5. Managers investing in companies' debt, as well as equity, have a responsibility to engage with management on ESG factors.
Reporting & Monitoring	6. Ongoing monitoring and reporting of how asset managers manage ESG factors is important. 7. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training as required to develop their knowledge. 8. The role of the Scheme's asset managers is prevalent in integrating ESG factors; the Trustee will, alongside the investment advisor, monitor ESG in relation to the asset managers' investment decisions.
Voting & Engagement	9. The Trustee will seek to understand each asset managers' approach to voting and engagement when reviewing the asset managers' approach. 10. Engaging is more effective in seeking to initiate change than disinvesting.
Collaboration	11. Asset managers should sign up and comply with common codes and practices such as the UNPRI & Stewardship code. If they do not sign up, they should have a valid reason why. 12. Asset managers should engage with other stakeholders and market participants to encourage best practice on various issues such as board structure, remuneration, sustainability, risk management and debtholder rights.

Formal ESG Review of Plan's investment managers

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

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

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

Manager	**Actions identified as part of Trustee's ESG review**
Baillie Gifford Positive Change Fund	• Investment Approach – Consider the use of an ESG scorecard. • Risk Management – Consider the use of ESG scoring of assets and climate scenario analysis. • Voting & Engagement – Consider running engagement through a centralised team. • Reporting – Consider the inclusion of wider ESG metrics in client quarterly reporting.
BlackRock Credit – Passive Gilts and Liquidity Fund	• Risk Management – Continue to develop the ESG scorecard, with reviews at least annually to ensure it is up to date. • Voting & Engagement – Develop stewardship priorities and record engagement. • Reporting – Develop a process for disclosing levels of engagement. • Reporting – Develop a framework for reporting on TCFD metrics and commence publication.

Implementation Statement (Cont)

BlackRock Diversified Growth Fund	• Investment Approach – Implement specific ESG policy for the Fund. • Risk Management – Fund manager reporting on alignment with temperature pathway and impact of climate change scenarios. • Voting & Engagement – Create Fund-level stewardship priorities. • Reporting – Introduce greenhouse gas metrics for reporting.
HSBC Islamic Global Equity Index Fund	• Voting & Engagement – Provide clarity on how HSBC's firm-wide voting policies are aligned with the Islamic principles integrated within the tracked index.
LGIM Absolute Return Bond Fund	• Investment Approach – Develop Fund specific ESG, climate, and social policies. • Voting & Engagement – Set clear engagement objectives and milestones for underlying portfolio companies; engage with a higher proportion of portfolio companies. • Reporting – Provide Fund-level ESG or sustainability reporting.
LGIM Future World Global Equity Index Fund	• Risk Management – Consider mandating ESG training across its investment division. • Reporting – Consider incorporating social metrics outside of the typical ICSWG band.
LGIM Future World Multi-Asset Fund	• Reporting – Continue to expand reporting capabilities over time to meet TCFD requirements, in particular producing scope 3 emissions data.
LGIM Passive Fixed Income (Gilts, IL Gilts, Corporate Bonds)	• Risk Management – Increase coverage across the passive funds of the implied temperature alignment model. • Voting & Engagement – Set clear engagement objectives and milestones for underlying portfolio companies; engage with a higher proportion of portfolio companies. • Reporting – Provide Fund-level ESG or sustainability reporting.
LGIM UK Equity Index Fund - Passive	• Reporting – Consider reporting on Fund-level coverage of greenhouse gas emissions. • Reporting – Consider including social and governance metrics in future ESG quarterly reports.
Threadneedle Property Fund	• Investment Approach – Utilisation of an ESG scorecard during the due diligence process. • Voting & Engagement – Outline the escalation process from a governance perspective and detail how this is being followed as part of asset management. • Reporting – Consider a scorecard approach with E, S and G scores for assets in the mandate, including social metrics.

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

Implementation Statement (Cont)

Investment manager engagement summary over accounting year period

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

Fund name	Engagement summary	Commentary and significant engagements
Baillie Gifford Positive Change Fund	Total Engagements: 77 Environmental: 18 Social: 25 Governance: 34	Baillie Gifford ("BG") contacted numerous companies where they engaged on a diverse variety of subjects. Most engagements were spread across Corporate Governance, Voting Engagements and Environmental and Social. **Peloton Interactive, Inc.:** BG met with the CEO and recently appointed CFO to discuss progress on remaining solvent and the adaptability of the business. The CEO noted that following the recapitalisation of the business and fixing supply chain problems, the focus is to prioritise growth. The newly appointed CFO worked with the CEO previously together at Netflix and joins from AWS. She is expected to improve communications across functions and instil financial discipline. BG notes that while the financial position of Peloton seems less precarious and that they continue to gain market share, many challenges remain, and progress will be monitored.
BlackRock Diversified Growth Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 370 Environmental: 166 Social: 146 Governance: 326 One engagement can comprise of more than one topic across each company	The BlackRock Investment Stewardship Team ("BIS") carry out all voting and engagement activities. The BIS engage across all funds at an issuer level thereby leveraging their combined AUM capital (e.g. across equity and credit) to maximise engagement effectiveness. **Meta Platforms, Inc.:** BIS has a multi-year engagement history with Meta. Meta's 2022 AGM included 12 shareholder proposals for consideration, which BIS considered on a case-by-case basis. BIS supported a shareholder proposal to undertake a third-party assessment of the human rights impacts of Meta's advertising practices, given the importance of advertising to the company's ability to generate long-term returns. BlackRock encourage companies to disclose how they integrate human rights considerations into their operations and risk management

Implementation Statement (Cont)

		processes, and identify the steps taken to address these issues. Meta has joined the UN Global Compact, and adopted a corporate human rights policy which commits to human rights due diligence but have not publicly communicated plans to publish a comprehensive third-party human rights assessment for one of Meta's main products, Facebook.
BlackRock Credit - Liquidity Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 7 Environmental: 7 Social: 5 Governance: 7 One engagement can comprise of more than one topic across each company.	BlackRock currently do not provide details of specific engagement activities for funds without voting rights.
BlackRock Credit – Passive Gilts	BlackRock currently do not provide details of their engagement activities for funds without voting rights.	
HSBC Islamic Global Equity Index Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 35 HSBC has been unable to provide a split of engagements.	HSBC engage on a wide range of engagement subjects. These predominantly focus on individual improvements on climate-related strategies, governance structure and social issues. **Chevron:** HSBC engaged with Chevron on the company's aspiration to achieve net zero in 'upstream' scope 1 and 2 emissions by 2050, which leaves out approximately 20% of scope 1 & 2 emissions, lagging behind peers. HSBC note that the aspiration does not cover scope 3 emissions and that Chevron's near-term 2028 targets are not ambitious. HSBC communicated their voting intentions to the company ahead of the AGM, where they voted for the adoption of medium and long-term emissions disclosures. HSBC had a 1-to-1 meeting with Chevron to explain their voting decision and expectations for improvement in areas of climate change. Whilst receptive to some comments, Chevron appeared defensive to reducing scope 3 emissions, arguing this would require a fundamental change of its business model.

Implementation Statement (Cont)

LGIM Passive Gilt Funds	LGIM do not currently provide details of their engagement activities at strategy level for Gilt funds and have limited data at firm level.	Given the nature of the Fund, engagement is somewhat limited, and is conducted with underlying counterparties and banks as opposed to investee companies. Engagement with counterparties is through LGIM's Investment Stewardship team, analysts, portfolio managers and traders, who include ESG in all their regular counterparty review meetings. LGIM provide high level engagement statistics at a fund level within their quarterly ESG reports, based on the engagements of the companies held by the fund over past year. Currently, engagement data is not applied to government bonds, however, LGIM are looking to provide more complete reporting in due course.
LGIM Future World Global Equity Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 720 Environmental: 256 Social: 178 Governance: 252 Other: 34 "Other" contains ESG engagements.	LGIM currently do not provide examples of their engagement activities at Fund level. LGIM's Investment Stewardship team are responsible for engagement activities across all funds. LGIM share their finalised ESG scorecards with portfolio companies and the metrics on which they are based. LGIM leverage the wider capabilities of the global firm to engage with companies. The team also regularly engage with regulators, governments, and other industry participants to address long term structural issues, aiming to stay ahead of regulatory changes and adopt best practice.
LGIM Future World Multi-Asset Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 959 Environmental: 424 Social: 215 Governance: 284 Other: 36 "Other" contains ESG engagements.	
LGIM UK Equity Index Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 328 Environmental: 49 Social: 86 Governance: 175 Other: 18 "Other" contains ESG engagements.	

Implementation Statement (Cont)

LGIM Absolute Return Bond Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 133 Environmental: 64 Social: 22 Governance: 40 Other: 7 "Other" contains ESG engagements.	
LGIM AAA-AA-A Corporate Bond All Stocks Fund Data reflects 12-month period to 31 March 2023	Total Engagements: 113 Environmental: 45 Social: 23 Governance: 37 Other: 8 "Other" contains ESG engagements.	
Threadneedle Property Fund	Columbia Threadneedle is unable to provide engagement statistics for their property funds.	Columbia Threadneedle has a history of active engagement and collaboration on ESG related topics and is looking to improve the extent and depth of its reporting on these issues. Columbia Threadneedle have only been able to supply case studies of engagements with tenants of the assets. **Virgin Media Property Portfolio (39 assets):** Columbia Threadneedle conducted engagement with the occupier across their portfolio on initiatives including: - The provision of tenant energy consumption data. - Opportunities for improving energy efficiency of sites. - Installation of PV solar panels. - Varying lease terms to enable the installation of substations at selected sites.

Implementation Statement (Cont)

Investment manager voting summary over accounting year period

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

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

Fund name	Voting summary	Example of significant votes
Baillie Gifford Positive Change Fund	Votable Proposals: 369 Proposals Voted: 96% For votes: 97% Against votes: 3% Abstain votes: 0%	**Abiomed Inc.** Baillie Gifford ("BG") opposed a resolution for executive compensation due to concerns with the structure of the plan, including short-term performance targets within the long-term plan. BG informed the company of their concerns with the compensation plan prior to the AGM. The vote received over 20% opposition, and BG hope that a continued dialogue will encourage improvements in the company's compensation plan.
BlackRock Diversified Growth Fund	Votable Proposals: 1,349 Proposals Voted: 85% For votes: 97% Against votes: 2% Abstain votes: 1%	**Siemens AG** The German government passed a new law that permits virtual-only AGMs, subject to shareholder approval. This authority, once granted, must be re-approved by shareholders at least every five years. BlackRock voted in favour of virtual-only AGMs as BIS believed the proposal was aligned with regulatory requirements and that the company was taking necessary steps to respect shareholder rights. Siemens identified many benefits to holding a virtual AGM, including cost and resource efficiency, and the potential to reach a greater number of participants.
HSBC Islamic Global Equity Fund Data reflects 12-month period to 31 March 2023	Votable Proposals: 1,423 Proposals Voted: 97% For votes: 80% Against votes: 20% Abstain votes: 0%	**Apple Inc.:** HSBC voted against Apple's intention to elect Sue Wagner as Director. This vote was against management on the grounds that HSBC had concerns over the diversity of the board and consider it insufficient. The resolution passed. HSBC communicated their thinking and intention ahead of the AGM. HSBC have stated they will continue to vote against propositions such as this if they have

Implementation Statement (Cont)

		similar concerns over diversity on other boards.
LGIM UK Equity Index Fund Data reflects 12-month period to 31 March 2023	Votable Proposals: 10,870 Proposals Voted: 100% For votes: 94% Against votes: 6% Abstain votes: 0%	**Trainline PLC** LGIM voted against the re-election of Brian McBride as Director. LGIM voted against this proposal due to a lack of gender diversity, or progress towards, on the board. LGIM expect female representation to be a minimum of one-third of the board, which it currently is not. LGIM views diversity as a financially material issue for their clients, with implications for the assets they manage on their clients' behalf.
LGIM Future World Multi-Asset Fund Data reflects 12-month period to 31 March 2023	Votable Proposals: 93,332 Proposals Voted: 100% For votes: 77% Against votes: 22% Abstain votes: 1%	**Meta Platforms Inc.** LGIM voted in the favour of the shareholder resolution to require an independent Board Chair. LGIM voted on the basis of their longstanding policy advocating for the separation of the roles of CEO and board chair. LGIM believe that these two roles are substantially different, requiring distinct skills and experiences. Since 2015 they have supported shareholder proposals seeking the appointment of independent board chairs, and since 2020 they have voted against all combined board chair/CEO roles.
LGIM Future World Global Equity Index Fund Data reflects 12-month period to 31 March 2023	Votable Proposals: 54,368 Proposals Voted: 100% For votes: 80% Against votes: 19% Abstain votes: 1%	**LVMH Moet Hennessy Louis Vuitton SE** LGIM voted against the re-election of Bernard Arnault as Director. They did so based on their policy of separating CEO and Board Chair. LGIM believe these roles are fundamentally different and a division of responsibilities ensures there is a proper balance of authority and responsibility on the board. LGIM has a longstanding policy advocating for the separation of the roles of CEO and board chair and will continue to advocate their position on this issue; monitoring company and market-level progress.

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 2022 to 31 May 2023.

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 cost of the Underpin Formula pension, a top up is applied to the Member's account and Underpin Formula pension is provided.
- **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. 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. The design of these arrangements takes into consideration the potential needs of Plan members as well as the Trustee's own investment beliefs.

Review of the default investment arrangements

3.2. The Trustee completes a strategic review of the default investment arrangements at least every three years.

3.3. A review of the default investment arrangement for **Section 1 Core Funds** was completed following the appointment of Isio as the Trustee's investment advisor in November 2020. This resulted in changes being made over the previous Plan year and these were reported in last year's Statement. The next review of the default investment arrangement for Section 1 Core Funds will be completed in 2024.

Annual Governance Statement (Cont)

3.4. A review of the default investment arrangements for Section 1 Non-Core Funds and Section 2 Funds was completed in 2022. As part of this, the Trustee also reviewed the wider range of funds available to Plan members. The review resulted in changes being made to these default investment arrangements over the Plan year and these are described in 3.10 below. Changes were also made to the range of self-select options which are described in 3.13 below. The next review default investment arrangements for Section 1 Non-Core Funds and Section 2 Funds will take place in 2025.

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

3.5. **Section 1 Core Funds:** the default investment arrangement for individuals that hold Core Funds through Section 1 of the Plan is the Oracle Diversified Growth Fund. This Fund invests in a portfolio of underlying funds and is designed to provide long-term investment growth, whilst limiting the degree to which it will fluctuate in value. It aims to ensure that the value of benefits promised to members at their Normal Retirement Age (NRA) can be provided. There were no changes made to this default investment arrangement over the Plan year.

3.6. **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.

3.7. 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.

3.8. 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.

3.9. 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:

3.9.1. 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

3.9.2. 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.

Annual Governance Statement (Cont)

3.10. Over the Plan year, the Trustee made a number of changes to the underlying funds held by the Oracle Lifestyle Growth Fund, the Oracle Index Linked Gilts Fund and the Oracle Active Bond Fund and these are summarised in the table below. There were no changes made to the Oracle Cash Fund over the Plan year.

Fund name	Underlying funds before the change	Underlying funds after the change
Oracle Lifestyle Growth Fund	20% BlackRock Absolute Return Bond Fund 25% BlackRock Diversified Growth Fund 25% Invesco Perpetual Global Targeted Return Fund 30% BlackRock Aquila Life MSCI World Index Fund	30% LGIM Future World Global Equity Index Fund 25% BlackRock Diversified Growth Fund 25% LGIM Future World Multi-Asset Fund 20% LGIM Absolute Return Bond Fund
Oracle Index Linked Gilts Fund	50% LGIM Over 5yr Index Linked Gilts Fund 50% LGIM Under 15 Years Index Linked Gilt Fund	LGIM All Stocks Index Linked Gilts Fund
Oracle Active Bond Fund	BlackRock Absolute Return Bond Fund	LGIM Absolute Return Bond Fund

3.11. The Trustee's objective in making these changes was to improve potential member outcomes over the long-term and increase the extent to which Environmental, Social and Governance (ESG) related factors are integrated within the Plan's default investment arrangements.

Alternative investment options and changes over the Plan year

3.12. Alongside the default investment arrangements described above, over the Plan year the Trustee made available a number of additional investment options from which members were able to self-select. These included:

3.12.1 An Annuity Lifestyle Option which invests in the same underlying funds as the Drawdown Lifestyle Option (albeit in different proportions) and was therefore subject to the same changes described in 3.10 above. At NRA this Lifestyle Option targets a portfolio of funds that is deemed to be suitable for those members who wish to purchase an annuity with their benefits.

3.12.2 A range of individual investment options which hold different asset classes and have different investment objectives.

3.13. Over the Plan year, the Trustee made a number of changes to the range of individual investment options. These included changes to the underlying funds used by certain investment options, the removal and addition of certain investment options and a change to the names of certain options to provide greater transparency and facilitate changes in the future.

3.14. The rationale for these changes included integrating sustainable investment themes across the whole range of investment options provided through the Plan, providing a greater choice of sustainable funds and offering a high-quality range with options across a broad range of asset classes.

Annual Governance Statement (Cont)

Timing of the investment changes

3.15. The Trustee implemented these changes over two phases. The first phase between 10 October 2022 to 24 October 2022 and the second between 14 November 2022 and 5 December 2022. A communication was issued to all members prior to the changes taking place and Trustee operated a blackout period to ensure the switches could be made efficiently.

3.16. 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.

3.17. The Trustee worked closely with Phoenix (as its platform provider) and Isio to minimise these costs to members. The actual costs incurred were £197,165 (or 0.092% 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

Monitoring and review of the default investment arrangement and alternative options

3.18. 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 arrangements 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 managers.

Further information on investments

3.19. Further information on the range of investment options provided through the Plan are set out in the Statement of Investment Principles (SIP) dated February 2023. This was reviewed during the Plan year to take account of the changes to the Plan's investment options described above.

3.20. 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:

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

3.20.2. 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.

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

3.21. A copy of the latest 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.

4.2. Core financial transactions comprise the following:

4.2.1. the investment of contributions, albeit no contributions were paid over the Plan year

4.2.2. transfers into and out of the Plan

4.2.3. investment switches within the Plan

4.2.4. payments out of the Plan

4.3. 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.

4.4. 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:

4.4.1. 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, issued are escalated to the Trustee.

4.4.2. 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 4.2 above are as follows:

Core financial transaction	Service level
Transfer payments in	95% within 5 working days
Transfer payments out	95% within 3 working days
Investment switches	95% within 5 working days
Retirement payments out of the Plan	95% within 5 working days

4.4.3. Barnett Waddingham has SLAs in place for other services it provides including; assisting with member enquiries, amending member records and issuing information.

4.4.4. Barnett Waddingham provides the Trustee with quarterly administration reports that document its performance against the agreed SLAs. The Trustee considers these reports in detail as a regular item at its quarterly meetings.

Annual Governance Statement (Cont)

4.4.5. 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
Transfer payments in	N/A	N/A	N/A	N/A
Transfer payments out	84%	100%	100%	94%
Investment switches	100%	88%	100%	100%
Retirement payments out of the Plan	72%	94%	97%	100%

4.4.6. As part of its ongoing consideration of service standards, the Trustee noted the decline at the start of the Plan year. This was queried with Barnett Waddingham and it was noted that delays had been caused by additional checks required for Guaranteed Minimum Pension (GMP) equalisation. Recognising that overall, the services standards achieved by Barnett Waddingham had been broadly in line with the agreed targets for the Plan year and had shown an improvement (overall service standards had improved from 91% in Q1 to 98% in Q4) the Trustee was comfortable with Barnett Waddingham's overall performance. The Trustee will continue to keep SLAs under close review.

4.4.7. 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.

4.4.8. Barnett Waddingham'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/.

4.4.9. 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 review was carried out following the Trustee meeting in February 2023.

4.4.10. 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.

Assessment

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

5. Member-borne charges and transaction costs

5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:

5.1.1. **Charges:** these are expressed as a percentage of the value of a member's holdings within an investment fund, and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).

5.1.2. **Transaction costs:** 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 charge.

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 Plan's investment options over the Plan year. This data has been sourced from Phoenix, whose platform is used to access the Plan's investment funds.

5.4. 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 2023 to align 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.

5.5. Due to the investment changes noted above (in section 3), not all of the Plan's investment options were in place for the full Plan year, however for reporting consistency all of the figures noted in the tables below cover the full year to 31 March 2023. Members will have only been subject to the charges and transaction costs for their period of investment in each fund and, for investment funds that were added or removed part way through the year, the impact of the charges and transaction costs will vary. Where charge and transaction cost data is not available, this has been noted.

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

Annual Governance Statement (Cont)

Lifestyle Options

5.7. 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	0.27% - 0.34%	0.167% - 0.244%
Cash Lifestyle Option	0.26% - 0.34%	0.154% - 0.244%
Annuity Lifestyle Option	0.14% - 0.34%	0.052% - 0.244%

Current individual fund options

The following table provides details of the TER's and transaction costs for the current individual fund 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)
Oracle Diversified Growth	0.24%	0.137%
Oracle Cash Fund	0.18%	0.013%
Oracle Sustainable Global Equity	0.15%	0.062%
Oracle Index Linked Gilt Fund	0.10%	0.090%
Oracle Active Bond Fund	0.33%	0.294%
Oracle Lifestyle Growth [1]	0.34%	0.244%
Oracle Active Positive Impact Equity	0.53%	0.124%
Oracle Islamic Equity Fund	0.35%	0.034%
Oracle Sustainable Growth Fund	0.32%	0.225%
Oracle Fixed Interest Gilts Fund	0.10%	0.158%
Oracle Corporate Bond	0.13%	0.254%
Oracle Passive UK Equity	0.10%	0.536%
Oracle Dynamic Growth	0.59%	0.440%
Oracle Property [2]	0.80%*	0.115%

[1] Phoenix have noted that data for all of the underlying pooled funds was not available for the Plan year. The Trustee, in conjunction with its professional advisers, will continue to work with Phoenix provide the information required.

[2] The figure quoted in the table above is the Total Expense Ratio. Phoenix have also quoted a Property Expense Ratio (PER) for the fund of 1.60%. The PER includes costs associated with investment in real property, such as lease renewal costs, rent review fees and letting costs.

Annual Governance Statement (Cont)

Closed individual fund options

The following table provides details of the TER's and transaction costs for the individual fund options that removed from the Plan's fund range as part of the investment changes noted in section 3 above.

Investment option	TER	Transaction costs (1yr)
MFS Meridian Global Equity Institutional Fund	0.72%	0.045%
LGIM Ethical UK Equity Index Fund	0.25%	0.205%
LGIM Over 15 Year Gilts Index Fund	0.10%	0.230%
Oracle Active UK Equity Fund	N/A [1]	N/A [1]
LGIM Global Equity Fixed Weights 50/50 Index	N/A [1]	N/A [1]
BNY Mellon Real Return	N/A [1]	N/A [1]
Invesco Global Target Return	N/A [1]	N/A [1]

[1] Charge and transaction cost data for all of the above funds was requested from Phoenix. However, Phoenix are only able to provide this information based on the Plan's holdings at the end of the reporting quarter. As these funds were removed from the Plan's fund range in 2022 Phoenix was not able to provide the charge and transaction cost data.

Impact of costs and charges

To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations and these are set out in Appendix 1.

6. Net investment returns

6.1. The Trustee is required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Plan year. All data provided in the tables below is for the period to 31 May 2023 and is therefore aligned to the Plan year.

6.2. For the default investment arrangements of Section 1 Non-Core Funds and Section 2 the underlying funds will change over time depending on each members term to NRA and this will impact the net returns. The net returns are therefore shown over various periods to the end of the Plan year for a member aged 25, 45 55 and 60 at the start of the period and assume an NRA of 65. As the Oracle Lifestyle Growth Fund was only Launched in 2019, returns are only currently available for the past three years, and this is reflected in the figures quoted.

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

Annual Governance Statement (Cont)

Lifestyle Strategies

6.4. All Lifestyle strategies (including both of the default strategies for Section 1 Non-Core and Section 2 Funds) invest in the Oracle Lifestyle Growth Fund until five years before NRA. On this basis, the returns achieved will be identical. From age 60, each Lifestyle strategy will hold different underlying funds and there the net returns will vary:

Age of member at start of period	Annualised Return –1 year to 31 May 2023	Annualised Return – 3 years to 31 May 2023
25 (All lifestyle strategies)	4.2%	4.5%
45 (All lifestyle strategies)	4.2%	4.5%
55 (All lifestyle strategies)	4.2%	4.5%
60 (Drawdown Lifestyle Option)	2.4%	3.9%
60 (Cash Lifestyle Option)	3.4%	4.2%
60 (Annuity Lifestyle Option)	-1.6%	2.3%

Current individual fund options

6.5. The following table provides the annualised net performance for the current individual fund options provided through the Plan as well as the Oracle Diversified Growth Fund which is the default for Section 1 Core Funds. As not all funds have performance covering the past 5 years, the table includes performance over a 1 year, 3 year and 5-year period:

Investment option	Annualised returns to 31 May 2023		
	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Oracle Diversified Growth	3.56%	5.01%	4.47%
Oracle Cash Fund	2.70%	0.92%	0.79%
Oracle Sustainable Global Equity Fund	5.14%	11.58%	9.98%
Oracle Index Linked Gilt Fund	-20.57%	-10.34%	-3.80%
Oracle Active Bond Fund	1.93%	1.70%	-[2]
Oracle Lifestyle Growth	4.19%	4.47%	-[2]
Oracle Active Positive Impact Equity Fund	-[1]	-[1]	-[1]
Oracle Islamic Equity Fund	-[1]	-[1]	-[1]
Oracle Sustainable Growth Fund	-[1]	-[1]	-[1]
Oracle Fixed Interest Gilts Fund	-[1]	-[1]	-[1]
Oracle Corporate Bond	-8.51%	-6.48%	-1.76%
Oracle Passive UK Equity	1.48%	10.31%	3.08%

Annual Governance Statement (Cont)

Oracle Dynamic Growth	1.05%	2.84%	2.77%
Oracle Property	-15.99%	3.84%	1.08%

[1] These funds were introduced to the Plan's fund range in Q4 2022 and therefore past performance information is not currently available.

[2] These funds were launched in 2019 and therefore past performance for the last 5 years is not currently available.

Closed individual fund options

6.6. The following table provides the annualised net performance for the closed individual fund options.

Investment option	Annualised returns to 30 November 2022 [1]		
	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
MFS Meridian Global Equity Institutional Fund	-3.19%	6.95%	8.45%
LGIM Ethical UK Equity Index Fund	5.51%	2.68%	3.82%
LGIM Over 15 Year Gilts Index Fund	-36.11%	-11.89%	-4.50%
Oracle Active UK Equity Fund	-4.17%	1.38%	1.20%
LGIM Global Equity Fixed Weights 50/50 Index Fund	0.06%	5.56%	5.48%
BNY Mellon Real Return	-6.06%	2.40%	3.55%
Invesco Global Target Return	0.21%	-1.14%	-[2]

[1] These funds were closed during the Plan year and Phoenix was only able to provide performance information for the period to 30 November 2022.

[2] Fund performance for a 5 year period is unavailable for this fund, as the launch date of the fund was more recent

7. Value for members

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

7.2. The Trustee undertook such analysis together with their professional advisers Isio with the findings and the Plan's position relative to its 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 2023, as set out below.

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

7.3.1. Plan charges

7.3.2. Investment

7.3.3. Retirement support

7.3.4. Governance

7.3.5. Administration

7.3.6. Education and Engagement

Annual Governance Statement (Cont)

7.4. The assessment takes into account available research on the costs and features of other DC schemes for comparison purposes in respect of the six core benefit categories identified above. The assessment for this Plan year was completed in August 2023.

7.4.1. Plan charges

7.4.1..1. The Plan is ahead of the market in this area.

7.4.1..2. Based on the profile of the Plan arrangements, the Trustee believes that the Plan charges are competitive when compared to current market rates.

7.4.1..3. The charges paid by members for the default investment arrangements and the majority of self-select funds are below the statutory Charge Cap.

7.4.1..4. The Trustee regularly monitors transaction costs.

7.4.2. Investment

7.4.2..1. 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.

7.4.2..2. The growth phase of the default strategies are well diversified.

7.4.2..3. There is a range of pre-retirement lifestyle options available to members.

7.4.2..4. There is a wide range of funds for members to self-select including main and alternative asset classes.

7.4.3. Retirement support

7.4.3..1. 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.

7.4.3..2. Members have access to annuity broking via HUB Financial Solutions for Non-Core funds.

7.4.4. Governance

7.4.4..1. The Plan is ahead of the market in this area.

7.4.4..2. 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.

7.4.4..3. The Trustee regularly reviews and updates its governance processes and procedures to make sure that these meet legal requirements and industry best practice.

7.4.4..4. Governance costs are met by the Employer.

Annual Governance Statement (Cont)

7.4.5. Administration

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

7.4.5..2. The Trustee has appointed Barnett Waddingham to provide administration services to the Plan and is satisfied that Barnett Waddingham has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that, if administrative errors do occur, members are not disadvantaged as a result.

7.4.6. Education and Engagement

7.4.6..1. The Plan is broadly in line with the market in this area.

7.4.6..2. The Trustee has a communications strategy, regularly reviews member communications and makes good use of technology.

7.4.6..3. Members have access to information and modelling tools to aid their retirement journey although the tools are not bespoke to the Plan.

7.4.6..4. 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.

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

8. Trustee knowledge and understanding

The Trustee Board

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

Trustee knowledge and understanding requirements

8.2. Trustees are required to be conversant with a scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

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

8.4. 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.

8.5. 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.

Annual Governance Statement (Cont)

8.6. 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.

8.7. The Dalriada representatives are also able to call on colleagues with specific expertise as and when required. In particular David Fogarty plays a key role with regards to investment and funding strategy.Activities over the Plan year

8.8. The Trustee is conversant with the Plan's Trust Deed and Rules as well as all other relevant Plan documentation, both through their overall experience in managing the Plan as well as its review of such documentation. Over the Plan year, the Trustee has reviewed the following Plan documentation:

8.8.1. The Trustee reviewed the Plan's SIP and this was updated in February 2023 to reflect the investment changes described in Section 3 of this Statement.

8.8.2. The risk register is reviewed at least annually (the last detailed review was carried out in February 2023) to ensure that all relevant risks have been identified.

8.8.3. The member communication materials are updated each tax year and reviewed by the Trustee. This included a communication to members in September 2022, outlined the changes to the Plan's range of investment options.

8.8.4. The 2023 Annual Governance Statement.

8.8.5. The 2023 Report & Accounts.

8.8.6. The 2023 Implementation Statement.

8.8.7. The Internal Dispute Resolution Procedure.

8.8.8. Annual compliance calendar.

8.9. Training on aspects of investments, scheme management and regulation (both of a general nature and in relation to the Plan) is provided at Trustee meetings by the Trustee's professional advisers and Trustee training is a standing item agenda. Such training is complemented by attendance at pensions focussed conferences, seminars and courses as well as the wider CPD activities described above.

8.10. Over the Plan year, representatives of Dalriada have undertaken training and attended seminars which include, but are not limited to:

8.10.1. DC governance and future regulatory change and how these developments will need to be accommodated through the Plan.

8.10.2. Developing regulations regarding the incorporation of Environmental, Social and Governance (ESG) factors and how such factors are integrated by the Plans investment managers.

8.10.3. DC investment options, trends and communications.

Annual Governance Statement (Cont)

8.10.4. Developing regulations regarding the Pensions Regulator's General Code of Practice, the Funding code and Pensions Dashboards.

8.10.5. Alternative funding strategies in a sustained high gilt yield environment.

8.10.6. Pensions Legal updates.

8.10.7. The Pensions Regulator's detailed guidance on equality, diversity and inclusion.

8.10.8. Various external seminars, conferences, webinars and other virtual events.

8.11. 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.

8.12. The Trustee has appointed recognised and suitably qualified legal advisers and investment consultants, who provide advice on the operation of the Plan in accordance with the Plan's Trust Deed and Rules and in compliance with legislation. The appointment and an assessment of the Trustee's advisers is reviewed on an annual basis.

8.13. The Trustee consults with its professional advisers as and when required, for example, on investments, governance and legal matters. Its professional advisers alert the Trustee on relevant changes to pensions legislation.

8.14. During the Plan year, the trustee directors took professional advice on:

8.14.1. Preparation of the actuarial valuation at 31 May 2022 by the Scheme Actuary

8.14.2. Legal advice on miscellaneous member benefit matters

8.14.3. Undertaking the annual value for members assessment

8.14.4. Disclosure of costs, charges and investments

8.14.5. Changes to the Section 1 Non-Core Funds and Section 2 Funds which were implemented over the Plan year.

Annual Governance Statement (Cont)

Assessment

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

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

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

8.15.3. 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 – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance.

Parameters used for the illustrations

A1.2. 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:

A1.2.1. Pot size: pot sizes of £10,000, £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.

A1.2.2. 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.

A1.2.3. 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 .

A1.2.4. Investment options: illustrations are provided for the three default investment arrangements and the highest and lowest charge self-select funds.

Guidance to the illustrations

A1.3. For each illustration, the savings pot has been projected twice: firstly for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.4. Projected pot sizes are shown in today's terms, so 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% per year. It is for this reason that real growth (after inflation) may be negative.

A1.5. The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1 and are in line with the assumptions used within the 2023 Statutory Money Purchase Illustrations.

Annual Governance Statement (Cont)

A1.6. The projected growth rates (gross, i.e. before inflation) and costs and charges used are as follows:

Fund/strategy name	Nominal return	Real return	TER	Transaction cost (5yr average)*
Drawdown Lifestyle**	5.61%-6.30%	3.11%-3.80%	0.27% - 0.34%	0.191% - 0.291%
Cash Lifestyle**	4.82%-6.30%	2.32%-3.80%	0.26% - 0.34%	0.278% - 0.291%
Oracle Diversified Growth Fund	6.90%	4.40%	0.24%	0.250%
Oracle Index Linked Gilts Fund	4.00%	1.50%	0.10%	0.045%
Oracle Dynamic Growth Fund	6.50%	4.00%	0.59%	0.380%

* The statutory guidance requires trustees to use an average of the last five years' transaction costs (In so far as they are able) when producing the illustrations. For the Oracle Lifestyle Growth Fund and Oracle Active Bond Fund, data is only available for the past four years and, for these funds the illustrations use four-year averages only. Five-year averages are available for all other funds and have been used to produce the illustrations.

** 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.

A1.7. Values shown are estimates and not guaranteed.

A1.8. The starting date for the illustrations is 31 March 2023.

A1.9. The illustrations are presented in two different ways:

A1.9.1. For the lifestyle options, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.9.2. For the Oracle Diversified Fund and self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Annual Governance Statement (Cont)

Drawdown Lifestyle Strategy Option

Years from taking benefit	Starting pot size: £10,000 Future contributions: No		Starting pot size: £50,000 Future contributions: No		Starting pot size: £75,000 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£10,000	£10,000	£50,000	£50,000	£75,000	£75,000
1	£10,303	£10,255	£51,517	£51,276	£77,276	£76,914
5	£11,803	£11,493	£59,014	£57,463	£88,520	£86,195
10	£14,159	£13,383	£70,794	£66,914	£106,192	£100,371
15	£16,985	£15,584	£84,927	£77,919	£127,391	£116,878
20	£20,376	£18,147	£101,881	£90,733	£152,821	£136,100
25	£24,444	£21,131	£122,219	£105,655	£183,329	£158,483
30	£29,324	£24,606	£146,618	£123,032	£219,927	£184,548
35	£35,177	£28,653	£175,887	£143,266	£263,831	£214,899

A1.10. Note on how to read this table: If a member had £10,000 invested in this option on 31 March 2023, when they came to retire in 10 years the savings pot could grow to £14,159 if no charges are applied but to £13,383 with charges applied.

Cash Lifestyle Strategy Option

Years from taking benefits	Starting pot size: £10,000 Future contributions: No		Starting pot size: £50,000 Future contributions: No		Starting pot size: £75,000 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£10,000	£10,000	£50,000	£50,000	£75,000	£75,000
1	£10,226	£10,172	£51,132	£50,862	£76,698	£76,293
5	£11,584	£11,263	£57,919	£56,315	£86,878	£84,472
10	£13,896	£13,115	£69,481	£65,576	£104,222	£98,365
15	£16,670	£15,272	£83,352	£76,361	£125,028	£114,542
20	£19,998	£17,784	£99,991	£88,920	£149,987	£133,380
25	£23,990	£20,709	£119,952	£103,544	£179,929	£155,315
30	£28,780	£24,115	£143,898	£120,573	£215,848	£180,859
35	£34,525	£28,080	£172,625	£140,402	£258,937	£210,603

A1.11. Note on how to read this table: If a member had £10,000 invested in this option on 31 March 2023, when they came to retire in 10 years the savings pot could grow to £13,896 if no charges are applied but to £13,115 with charges applied.

Annual Governance Statement (Cont)

Oracle Diversified Growth Fund

Years of investment from 31 March 2023	Starting pot size: £10,000 Future contributions: No		Starting pot size: £50,000 Future contributions: No		Starting pot size: £75,000 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£10,000	£10,000	£50,000	£50,000	£75,000	£75,000
1	£10,429	£10,381	£52,146	£51,907	£78,220	£77,861
5	£12,339	£12,059	£61,693	£60,293	£92,540	£90,440
10	£15,224	£14,541	£76,122	£72,706	£114,183	£109,059
15	£18,785	£17,535	£93,924	£87,673	£140,886	£131,510
20	£23,178	£21,145	£115,890	£105,723	£173,835	£158,584
25	£28,599	£25,497	£142,993	£127,487	£214,490	£191,231
30	£35,287	£30,747	£176,435	£153,733	£264,653	£230,599
35	£43,540	£37,076	£217,698	£185,381	£326,547	£278,072

A1.12. Note on how to read this table: If a member had £10,000 invested in this option on 31 March 2023, when they came to retire in 10 years the savings pot could grow to £15,224 if no charges are applied but to £14,541 with charges applied.

Oracle Dynamic Growth Fund

Years of investment from 31 March 2023	Starting pot size: £10,000 Future contributions: No		Starting pot size: £50,000 Future contributions: No		Starting pot size: £75,000 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£10,000	£10,000	£50,000	£50,000	£75,000	£75,000
1	£10,390	£10,296	£51,951	£51,478	£77,927	£77,217
5	£12,110	£11,568	£60,548	£57,839	£90,822	£86,758
10	£14,664	£13,381	£73,321	£66,907	£109,981	£100,360
15	£17,758	£15,479	£88,788	£77,396	£133,183	£116,095
20	£21,504	£17,906	£107,519	£89,530	£161,278	£134,296
25	£26,040	£20,713	£130,201	£103,567	£195,301	£155,350
30	£31,534	£23,961	£157,668	£119,804	£236,501	£179,706
35	£38,186	£27,717	£190,929	£138,587	£286,393	£207,880

A1.13. Note on how to read this table: If a member had £10,000 invested in this option on 31 March 2023, after 10 years of membership the savings pot could grow to £14,664 if no charges are applied but to £13,381 with charges applied.

Annual Governance Statement (Cont)

Oracle Index Linked Gilts Fund

Years of investment from 31 March 2023	Starting pot size: £10,000 Future contributions: No		Starting pot size: £50,000 Future contributions: No		Starting pot size: £75,000 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£10,000	£10,000	£50,000	£50,000	£75,000	£75,000
1	£10,146	£10,132	£50,732	£50,661	£76,098	£75,991
5	£10,753	£10,679	£53,767	£53,393	£80,651	£80,090
10	£11,564	£11,403	£57,818	£57,017	£86,727	£85,526
15	£12,435	£12,177	£62,174	£60,887	£93,262	£91,330
20	£13,372	£13,004	£66,859	£65,019	£100,288	£97,529
25	£14,379	£13,886	£71,896	£69,432	£107,845	£104,148
30	£15,463	£14,829	£77,313	£74,144	£115,970	£111,216
35	£16,628	£15,835	£83,138	£79,176	£124,708	£118,765

A1.14. Note on how to read this table: If a member had £10,000 invested in this option on 31 March 2023, after 10 years of membership the savings pot could grow to £11,564 if no charges are applied but to £11,403 with charges applied.

Appendix 1 – Statement of Investment Principles

Oracle UK Pension Plan

Statement of Investment Principles ("SIP")

February 2023

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

Signed: ....

Name: Greig McGuinness

Date: 29/03/2023

Appendix 1 (Cont)

2. Plan Structure

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

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

'Section 1' DC Investments

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

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

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

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

'Section 2' DC Investments

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

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

Trustee Reserve Account

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

Pensioner Reserve Fund

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

2.11 The Pensioner Reserve Fund is expected to increase over time. Upon retirement, a members' Section 1 Core funds, in combination with any shortfall top-up from the

Appendix 1 (Cont)

Trustee Reserve Account required to meet DB underpin benefit, are moved to the Pensioner Reserve Fund to meet the members' future pension benefits.

2.12 To maximise the likelihood of members' pension benefits being paid, the Pensioner Reserve Fund invests a significant proportion of its assets in asset classes that exhibit similar characteristics to the Plan's liabilities to provide a degree of liability matching. Any residual assets are then invested to generate modest growth. The underlying composition, and balance between growth and matching assets, is determined by the Trustee and will change over time as the Plan evolves and matures.

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

Appendix 1 (Cont)

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.

Appendix 1 (Cont)

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.

Appendix 1 (Cont)

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.

<u>Investment fees and charges</u>

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.

Appendix 1 (Cont)

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 appointed an ESG-focussed equity fund within the Oracle Diversified Growth Fund constituents for Section 1 core contributions.

6.18 The Trustee has also reviewed the Section 2 and non-core funds, making significant changes to align the fund options with the Trustee's agreed ESG beliefs, including the introduction of: Sustainable Global Equity Fund, Active Positive Impact Equity Fund, Sustainable Multi-Asset Growth Fund and an Islamic Equity Fund.

6.19 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:

6.19.1 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

Appendix 1 (Cont)

negative exposures) to ensure no fund was deemed to be unduly invested in stocks or securities exhibiting negative ESG credentials.

6.19.2 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").

6.19.3 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	• 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.	• 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	• 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.	• 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.

Appendix 1 (Cont)

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 1 (Cont)

Appendix A: Investment management and fund governance policies

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

How the investment managers are incentivised to align their investment strategy and decisions with the Trustee's policies.	• As the Plan invests via pooled funds, there is not scope for these funds to tailor their strategy and decisions in line with the Trustee's policies. However, the Trustee invests in a portfolio of pooled funds that are aligned to the strategic objective. This is reviewed on an ongoing basis.
How the investment managers are incentivised to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer of debt or equity and to engage with them to improve performance in the medium to long-term.	• The Trustee reviews the investment managers' performance relative to medium and long-term objectives as documented in the investment management agreements held between the investment manager and Phoenix. • The Trustee monitors the investment managers' engagement and voting activity on an annual basis as part of their ESG monitoring process. • The Trustee does not incentivise the investment managers to make decisions based on non-financial performance.
How the method (and time horizon) of the evaluation of investment managers' performance and the remuneration for their services are in line with the Trustee's policies.	• The Trustee reviews the performance of all the Plan's investments on a net of cost basis to ensure a true measurement of performance versus investment objectives. • The Trustee evaluates performance over the time period stated in the investment managers' performance objective, which is typically 3 to 5 years. • Investment manager fees are monitored to make sure the correct amounts have been charged. The Trustee's investment adviser ensures these remain competitive.
The method for monitoring portfolio turnover costs incurred by investment managers and how they define and monitor targeted portfolio turnover or turnover range.	• The Trustee does not directly monitor turnover costs. However, the investment managers are incentivised to minimise costs as they are measured on a net of cost basis.

The duration of the Plan's arrangements with the investment managers	• The duration of the arrangements is considered in the context of the type of fund the Plan invests in.
	  ○ For open ended funds, the duration is flexible and the Trustee will from time-to-time consider the appropriateness of these investments and whether they should continue to be held.
	  ○ The Plan does not invest directly in any close-ended funds or funds with a lock-in period, in line with the Trustee's objectives and Plan's liquidity requirements.

Appendix 1 (Cont)

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

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

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

Risks	Definition	Policy
Investment	The risk that the Plan's funding position deteriorates relative to the value of the DB Underpin due to the assets underperforming.	• 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.	• Funding risk is considered as part of the Section 1 investment strategy review and the actuarial valuation of the DB Underpin liabilities. • The Trustee invests the Pensioner Reserve Fund to maximise the likelihood of DB Underpin liabilities being paid. • 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.	• 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	To maintain a sufficient allocation to liquid assets so that there is a prudent

Appendix 1 (Cont)

	impacting the fair market value of the investment.	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 1 (Cont)

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

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

Fund Name	Investment characteristics	Benchmark	Performance target
Oracle Diversified Growth	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. 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.	Composite benchmark: • 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.

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

Fund Name	Investment characteristics	Benchmark	Performance target
Oracle Pensioner Reserve Fund	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 – this is expected to change as the scale and profile of the Pensioner Reserve Fund changes over time. 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.	Composite benchmark: • 28% FTSE UK Gilts Index- Linked Up to 5 Years Index • 42% FTSE A Index-Linked (Over 5 Year) Index • 30% Bank of England Base Rate Plus 3.5% p.a.	Achieve returns in line with benchmark.

Appendix 1 (Cont)

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

Fund Name	Investment characteristics	Benchmark	Performance target
Oracle Sustainable Global Equity Fund	100% invested in the LGIM Future World Global Equity Index Fund. The Fund invests in the shares of UK and overseas companies. The Fund employs an index tracking strategy and aims to track the performance of its benchmark within a reasonable tolerance. The Fund's benchmark takes into account sustainable Environmental, Social and Governance investment factors.	Solactive L&G ESG Global Markets Index	Achieve returns in line with benchmark.
Oracle Passive UK Equity Fund	100% invested in the LGIM UK Equity Index Fund. The Fund invests in shares of companies traded on the London Stock Exchange. The Fund employs an index tracking strategy and aims to track the performance of its benchmark within a reasonable tolerance.	FTSE All Share Index	Achieve returns in line with benchmark.
Oracle Active Positive Impact Equity Fund	100% invested in the Baillie Gifford Positive Change Fund. The Fund invests in shares of companies expected to contribute towards a more sustainable and inclusive world.	MSCI AC World Index	Outperform benchmark by 1% p.a. over rolling 5-year periods.
Oracle Islamic Equity Fund	100% invested in the HSBC Islamic Equity Index Fund. The Fund invests in shares of companies which meet Islamic investment principles. The Fund employs an index tracking strategy and aims to track the performance of its benchmark within a reasonable tolerance.	Dow Jones Islamic Market Titans 100 Index	Achieve returns in line with benchmark.
Oracle Lifestyle Growth Fund	30% invested in the LGIM Future World Global Equity Index Fund; 25% invested in the BlackRock Diversified Growth Fund; 25% invested in the LGIM Future World Multi Asset Fund; 20% invested I the LGIM Absolute Return Bond Fund. The Fund aims to generate growth by investing in a mix of actively and passively managed funds. The Fund invests in a diversified range of assets, taking into account sustainable Environmental, Social and Governance investment factors where possible.	30% Solactive L&G ESG Global Markets Index; 25% Bank of England Base Rate + 3.5% p.a. 25% UT Mixed Investment 40-85% Shares Sector 20% SONIA + 1.5% p.a.	Achieve returns in line with benchmark.
Oracle Dynamic Growth Fund	100% invested in the BlackRock Diversified Growth Fund. The Fund aims to generate total returns by investing in a range of asset classes.	Bank of England Base Rate	Outperform benchmark by 3.5% over rolling 3-year periods.

Appendix 1 (Cont)

Oracle Sustainable Growth Fund	100% invested in the LGIM Future World Multi Asset Fund. The Fund aims to generate total returns by investing in a range of asset classes, taking into account sustainable Environmental, Social and Governance investment factors.	UT Mixed Investment 40-85% Shares Sector	Achieve returns in line with benchmark.
Oracle Property Fund	100% invested in the Threadneedle Property Fund. The Fund aims to generate total returns (from income and capital appreciation) by investing in property.	MSCI Index / AREF UK All Balanced Quarterly Property Fund	Outperform benchmark by 1% p.a. over rolling 3-year periods.
Oracle Active Bond Fund	100% invested in the LGIM Absolute Return Bond Fund. The Fund aims to generate total returns by investing in a range of fixed income assets.	Sterling Overnight Interbank Average Rate ("SONIA")	Outperform benchmark by 1.5% p.a. over rolling 3-year periods.
Oracle Corporate Bond Fund	100% invested in the LGIM Corporate Bond All Stocks Index Fund. The Fund invests in corporate bonds. The Fund employs an index tracking strategy and aims to track the performance of its benchmark within a reasonable tolerance.	Markit iBoxx UK Sterling Non-Gilts Excluding-BBB Index	Achieve returns in line with benchmark.
Oracle Fixed Interest Gilts Fund	100% invested in the LGIM All Stocks Gilts Index Fund. The Fund invests in UK fixed interest government bonds. The Fund employs an index tracking strategy and aims to track the performance of its benchmark within a reasonable tolerance.	FTSE Actuaries UK Conventional Gilts All Stocks Index	Achieve returns in line with benchmark.
Oracle Index Linked Gilts Fund	100% invested in the LGIM All Stocks Index Linked Gilts Fund. The Fund invests in UK index-linked government bonds. The Fund employs an index tracking strategy and aims to track the performance of its benchmark within a reasonable tolerance.	FTSE Actuaries UK Index Linked Gilts All Stocks Index	Achieve returns in line with benchmark.
Oracle Cash Fund	100% invested in the BlackRock Institutional Sterling Liquidity Fund. The Fund aims to maximise current income whilst preserving capital and liquidity through the maintenance of a portfolio of high quality short-term "money market" instruments.	Sterling Overnight Interbank Average Rate ("SONIA")	Outperform benchmark.

Appendix 1 (Cont)

Appendix E: Lifestyle Investment Options

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

- Cash
- Drawdown
- Annuity

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

The following funds are currently constituents of the lifestyle matrices:

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

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

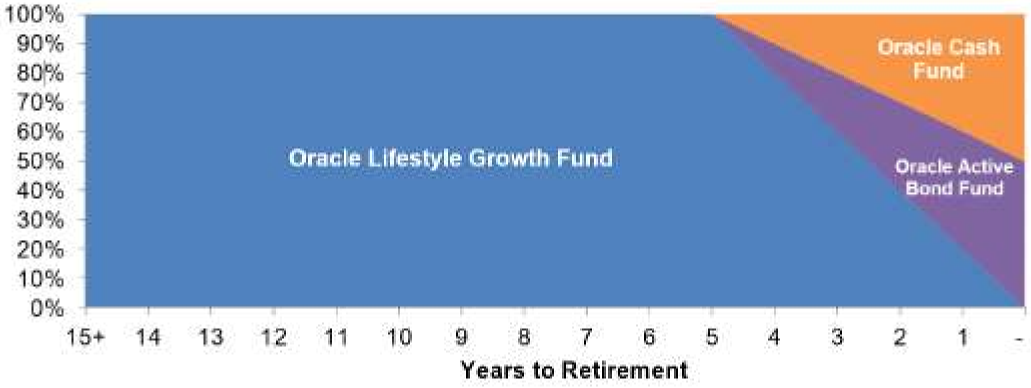
Whilst the member has more than 5 years to retirement, all the lifestyle funds are identical and invest in the Oracle Lifestyle Growth Fund.

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

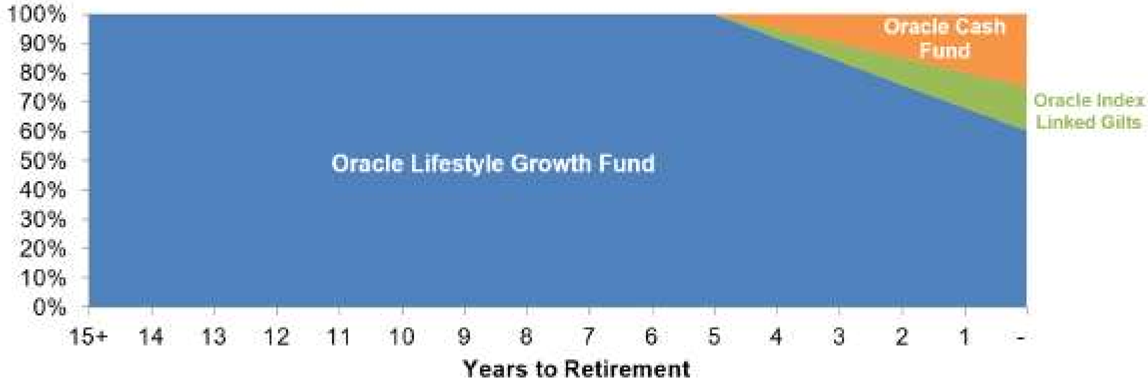
Appendix 1 (Cont)

Charts showing each lifestyle are set out below:

Cash Lifestyle Strategy



Drawdown Lifestyle Strategy



Annuity Lifestyle Strategy

Appendix 1 (Cont)

Appendix F: Fund Charges (as at 31 December 2022)

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

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

Pensioner Section assets

Fund	Total Expense Ratio ("TER") p.a.
Oracle Pensioner Reserve Fund	0.24%

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	0.34%
Oracle Active Positive Impact Equity Fund	0.58%
Oracle Dynamic Growth Fund	0.59%
Oracle Sustainable Growth Fund	0.32%
Oracle Property Fund	0.77%
Oracle Active Bond Fund	0.33%
Oracle Cash Fund	0.18%
Passive	
Oracle Sustainable Global Equity Fund	0.15%
Oracle Passive UK Equity Fund	0.10%
Oracle Islamic Equity Fund	0.35%
Oracle Corporate Bond Fund	0.13%
Oracle Fixed Interest Gilts Fund	0.10%
Oracle Index Linked Gilts Fund	0.10%