

# Atlas Master Trust

AAF 05/20 Assurance Report

Internal controls for Master Trusts

Report for the period ending 31<sup>st</sup> March 2021

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## 1. Introduction

We're pleased to present this Assurance Report, our second since we became an officially authorised Master Trust by the Pensions Regulator in August 2019. For this reporting period we have adopted the framework provided by the Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales, entitled 'Assurance Reporting on Master Trusts (Technical Release TECH 05/20 AAF)'. The report covers the period from 1 January 2020 to 31 March 2021. The Technical Release TECH 05/20 AAF includes updated control objectives aligned to the Pension Regulator's Supervisory regime. This Assurance Report tests the operational effectiveness of a number of systems and governance controls in place for Atlas under this framework, such as the risks of inadequate record keeping and poor investment outcomes, as well as additional monitoring and oversight controls that underpin key supervision criteria.

In summary, the supervision regime requires us to demonstrate to the Pensions Regulator's satisfaction that:

- All those who are responsible for Atlas are 'Fit and Proper' persons. That means that everyone is of good character and good financial standing, with the requisite skills, knowledge and competence to perform their roles to the required standards. This includes each of us Trustee Directors, the Board of Capita Pension Solutions Limited and key individuals both within and beyond our Executive Team (the team that supports our work on a day to day basis).
- Atlas is financially stable and has unfettered access to adequate financial reserves,
- Atlas has established and maintain systems and processes that ensure, among other things, that we maintain:
  1. Robust administration system processes for receiving and investing contributions and making payments;
  2. Robust administration processes to ensure data is accurate and complete, including processes to protect those data from corruption and cyber-attack;
  3. Accurate record-keeping and regular data reconciliations;
  4. Processes to ensure that members' accounts within Atlas receive the contributions due to them, when they fall due;

5. Appropriate due diligence to appoint, and then manage, our various service providers;
6. Appropriate arrangements for identifying and managing conflicts of interest;
7. Quality controls over communications including protocols for enabling member engagement;
8. Appropriate processes to identify risks and manage them; and
9. Processes to evaluate and where necessary improve the collective knowledge and competence of our Trustee Board and the team of people who support us.

By using an independent professional Service Auditor, we can test the control activities that we have in place that are relevant to TECH 05/20 and by so doing help provide a degree of reassurance to the Pensions Regulator.

### Exceptions identified

**Control Objective 11 - A documented review of financial sustainability (including access to resources to cover running costs and financial reserves in the event of a triggering event) is undertaken by the Trustee Board within required timescales.**

A new control activity had been agreed towards the end of the reporting period but was not added to an Annual Planner before the end of the reporting period and so could not be evidenced. The Management Response, shown under Section 4 (page 27 of this report), agreed with the Service Auditor, confirms that the agreed processes were carried out with no other exceptions reported for the Control Objective.

Although I am disappointed to have to report this single exception, I am satisfied that steps have been taken to remedy this exception going forward and more importantly that it has not had any negative impact on the running of the Scheme and therefore had no impact on member outcomes.

## 1. Introduction

### Capita AAF report for the period ended 31 December 2020

The Capita AAF report for 2020 was not available until after the report period but was reviewed by the Trustee prior to the signing of this report. All exceptions reported were reviewed by the Risk and Operations Sub Committee and the Trustee to ensure they had no impact on Control Objectives set out in this report on the follow basis;

- Did any of the exceptions have an impact, or could have an impact on the administration processes in place for Atlas
- In any cases identified above have the exceptions been satisfactorily rectified and if not how are they being managed to ensure that they would not have any impact.

The Trustee therefore believe that the exceptions noted in Capita's AAF Report 2020 have not had an impact the governance framework set out in the Control Objectives in this report.

### About Atlas

#### How big is Atlas?

At the end of our sixth full Scheme Year (31st March 2021), Atlas held assets of £1.354m in respect of over 110,000 members with annual contribution inflows of over £122m.

#### Who we are?

Atlas Master Trust is powered by Capita Pension Solutions Limited (Capita) who is the designated 'Funder' and was launched on 11th June 2015. Atlas Master Trust Trustee Limited (Atlas Trustee) was incorporated on 10th June 2015 and acts as the sole Trustee of Atlas.

The three initial and current directors of the Atlas Trustee, each of whom were appointed by Capita following a rigorous selection process, are me (Alan Whalley), Steve Delo (representing PAN Trustees UK LLP) and Penny Green (representing BESTrustees plc). Each of us is wholly independent of – and unaffiliated with Capita.

There are no Capita employees within the Atlas Trustee. We are supported in our work by Paul Trickett – another independent, non-affiliated pension professional who chairs our Investment Sub Committee.

There's a short biography of each of us below.



## 1. Introduction

### Trustee/Independent Executive Biographies



#### Alan Whalley (Chairman of the Trustee Board)

Alan has worked in a variety of very senior roles in the pension industry, including the position of UK Chief Executive of Mercer and European Managing Partner at Watson Wyatt (now Willis Towers Watson), two of the largest global pension firms.

Now an experienced non-executive director, as well as chairing Atlas he is also chair of Wealth at Work (a leading provider of financial education and advice in the workplace), chair of MyPolicy (an insurtech business that uses telematics and data analytics to price motor insurance), chair of the board of the Pensions Management Institute, a Trustee of the British Coal Staff Superannuation Scheme (where he chairs the risk and assurance sub-committee) and senior independent director of JPMorgan Life.

Alan played an advisory role assisting in the creation of the National Employment Savings Trust (NEST), the national pension scheme established to help smaller employers and firms with low-paid employees to meet their pension obligations under the automatic enrolment reforms. While at Mercer Alan was named by PensionInsight as one of the top 50 most influential people in UK Pensions and by PLANSponsor Europe as one of the top 5 consultant in Europe.

This background of pension experience and his executive track record of getting things done made Alan the perfect candidate to chair the Trustee Board.



#### Steve Delo – Trustee Director

As Executive Chairman of PAN Trustees UK LLP, Steve acts as independent Trustee or Chairman to a number of DB and DC schemes, including his role as Chair of Trustee of the People's Pension, the UK's largest independent auto-enrolment Master Trust and a range of £multi-billion DB and DC schemes.

Steve has twice been named Engaged Investor's Independent Trustee of the Year, was listed as one of the Top 50 People in Pensions (by Pensions Insight) and is a past President of the Pensions Management Institute. His in depth knowledge of DC pension plans and the art of successful trusteeship made Steve an ideal for the trustee line up.

Steve is a Fellow of the Pensions Management Institute and an Accredited Professional Trustee.

## 1. Introduction

### Trustee/Independent Executive Biographies



#### **Penny Green – Trustee Director**

Penny is currently a Trustee Executive at BESTrustees, a firm of independent pension trustees. Prior to this, she was Chief Executive of SAUL, the Trustee company responsible for the pension schemes of the various universities in London. Another past President of the Pensions Management Institute, she has been twice voted one of the 100 most influential women in finance by Financial News, several times voted one of the top 50 most influential people in pensions by Engaged Investor and, in 2014, was awarded the Outstanding Individual Contribution to Pensions by Financial News, the Industry Achievement Award by Portfolio Institutional magazine and the Pensions Personality of the Year by IPE magazine.

Her substantial Trustee experience and in-depth knowledge of both pension investment and administration brings the Trustee Board to its full complement of skills and capabilities.



#### **Paul Trickett – Chair of the Investment Sub Committee**

Paul is chair of Atlas' Investment Sub Committee. Paul leads the Sub Committee to enhance the delivery of the Trustee's investment strategy. His expertise and immense industry experience comes from several previous high profile and senior roles at Goldman Sachs and Towers Watson, plus a portfolio of consultancy, executive and non-executive director roles, including directorships at Aviva Life and Railpen Investments and Chair of the Santander UK Pension Scheme Trustee and National Grid UK Pension Scheme Trustee, as well as a Trustee of the Mineworkers Pension Scheme.



## 1. Introduction

### Our Advisers and Service Providers

We have made the following appointments.

### Alan Whalley

Chair, Atlas Master Trust Trustee Limited

#### Administrator:

Capita Pension Solutions Limited (formerly known as Capita Employee Benefits Limited)

#### Investment adviser:

Capita Pension Solutions Limited (formerly known as Capita Employee Benefits Limited)  
Hymans Robertson LLP

#### Investment platform:

Scottish Widows

#### Legal adviser:

Pinsent Masons

#### Statutory Auditor and Service Auditor:

Crowe U.K. LLP

#### Reviewing our providers - and reviewing ourselves

None of these appointments are binding. As Trustee, we have a responsibility to assess the performance of each of our advisers and service providers on a continuous basis.

These reviews are scheduled into our Annual Planner. We also have a duty to change them or to force improvement where service levels fall below the standards we set.

We don't only review the performance of our advisers and service providers. We must also ensure that we remain capable of doing our own jobs and so we also schedule annual assessments - individually and collectively - of our own performance, knowledge, competencies, capabilities and skills.

## 2. Report of the Trustee of the Atlas Master Trust

As Trustee of the Atlas Master Trust, we are responsible for the identification of control objectives relating to the governance of the Atlas Master Trust and for establishing governance control activities including oversight of systems and processes that provide reasonable assurance that the control objectives are achieved. Those control objectives are derived from standards of governance set out in the Pensions Regulator's DC code of practice and DC guides.

In carrying out those responsibilities, we have regard not only to the interest of employers who have entrusted their employees' DC contributions to the Atlas Master Trust (or are considering doing so) and members of the Atlas Master Trust, but also to the needs of the Pensions Regulator who may use this report to help determine whether certain governance procedures including oversight of systems and processes relevant to the Atlas Master Trust supervisory requirements have been met and have been subjected to independent scrutiny.

We have evaluated the effectiveness of the Atlas Master Trust's governance control activities including oversight of systems and processes having regard to ICAEW's TECH 05/20 AAF and the control objectives set out therein.

We set out in section 4 of this report a description of the relevant governance control activities including oversight of systems and processes established by the Trustee of the Atlas Master Trust together with the related control objectives which operated during the period from 1 January 2020 to 31 March 2021 and confirm that:

- (a) the report describes fairly the governance control activities established by the Trustee that relate to the control objectives referred to above which were in place throughout the period from 1 January 2020 to 31 March 2021;
- (b) the governance control activities described were suitably designed throughout the period from 1 January 2020 to 31 March 2021 such that there is reasonable assurance that the specified control objectives would be achieved if the described governance control activities were complied with satisfactorily; and
- (c) the governance control activities described were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved throughout the period from 1 January 2020 to 31 March 2021.

Trustee: 

Signed and dated on behalf of the Trustee of the Atlas Master Trust

Date: 10 June 2021

## 3. Report by Service Auditor



### Independent Service Auditor's assurance report on governance control activities established by the Trustees of Master Trusts

To the Trustee of the Atlas Master Trust

#### Use of report

Our report, subject to the permitted disclosures set out below, is made solely for the use of the Trustees of the Atlas Master Trust ("the Trustee") and solely for the purpose of reporting on the governance control activities established by the Trustee, in accordance with the terms of our engagement letter dated 19 June 2020 attached in the Appendix. Our work has been undertaken so that we might report to the Trustee those matters that we have agreed to state to it in our report and for no other purpose.

We permit the disclosure of our report, in full only, to verify to the recipient that a report by a Service Auditor has been commissioned by the Trustee and issued in connection with the governance control activities established by the Trustee without assuming or accepting any responsibility or liability to the recipient on our part. To the fullest extent permitted by law, we do not and will not accept or assume responsibility to anyone other than the Trustees as a body for our work, for our report or the opinions we have formed.

#### Scope

We have been engaged to report on the description of governance control activities including oversight of systems and processes established by the Trustee throughout the period from 1 January 2020 to 31 March 2021 and on the suitability of the design and operating effectiveness of those governance control activities stated in the description.

#### Trustee's responsibilities

The Trustee's responsibilities and statements are set out in section 2 of the Trustee's report. The control objectives stated in the description include those control objectives set out in TECH 05/20 AAF that are considered relevant by the Trustee.

#### Our responsibilities

Our responsibility is to form an independent opinion, based on the work carried out in relation to the governance control activities established by the Trustee as described in section 4 of the Trustee's report and report this to the Trustee. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and with TECH 05/20 AAF. ISAE 3000 (Revised) and TECH 05/20 AAF require, among other things, that we comply with ethical and other professional requirements.

We plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the governance control activities were suitably designed and operating effectively. The criteria against which the governance control activities were evaluated are the control objectives developed for Master Trusts as set out within TECH 05/20 AAF and identified by the Trustee as control objectives to be applied for the purpose of governance.

Our work involved performing procedures to obtain evidence about the presentation of the Trustee's description of the governance control activities including oversight of systems and processes and the design and operating effectiveness of those governance control activities. Our procedures included assessing the risks that the description is not fairly presented, and that the governance control activities were not suitably designed or operating effectively. Our procedures also included testing the operating effectiveness of those governance control activities that we considered necessary to obtain reasonable assurance that the control objectives stated in the control description were achieved. An assurance engagement of this type also included evaluating the overall presentation of the description and the suitability of the control objectives stated therein.

## 3. Report by Service Auditor (continued)

### Our independence and quality control

We have complied with the independence and other ethical requirements of the 'Code of Ethics for Professional Accountants' issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Inherent limitations

The Trustee's description of governance control activities including oversight of systems and processes was prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the governance control activities that may be relevant to each employer company or member of the Atlas Master Trust. Also, because of their nature, governance control activities may not prevent or detect and correct all errors or omissions in performing governance activities.

Our opinion is based on historical information. The projection of any evaluation of the fairness of the presentation of the description, or opinion about the suitability of the design or operating effectiveness of the control activities and systems and processes to future periods would be inappropriate.

### Opinion

In our opinion, in all material respects:

- (i) section 4 of the Trustee's report fairly presents the governance control activities established by the Trustee that relate to the control objectives referred to above which were in place throughout the period from 1 January 2020 to 31 March 2021;
- (ii) the governance control activities established by the Trustee described in section 4 of the Trustee's report were suitably designed to provide reasonable,

but not absolute, assurance that the specified control objectives would have been achieved if the described governance control activities operated effectively throughout the period from 1 January 2020 to 31 March 2021; and

- (iii) the governance control activities established by the Trustee that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related control objectives were achieved the throughout the period from 1 January 2020 to 31 March 2021

*Crowe U.K. LLP*

**Crowe U.K. LLP**  
Chartered accountants  
London

Date: 22 June 2021

## 4. Control objectives and control activities

### Assessing value for members

1. **A documented value for members assessment is undertaken at least annually and is formally approved by the Trustee Board.**

Ensuring Value for Members (VFM) is a key objective of the Trustee.

Accordingly, the Trustee has developed a framework policy with which it can evaluate VFM relative to the costs and charges levied. The policy is reviewed by the Board annually to ensure that the quality features remain relevant and comprehensive before the evaluation is undertaken.

The assessment of VFM is then undertaken in line with the policy and the statutory annual reporting cycle. A draft VFM assessment is presented to the Trustee Board each year in accordance with the Annual Planner.

As part of the VFM assessment review, the Trustee considers whether the Atlas Master Trust offers or provides for:

- A good level of administration services, flexibility and choices to members.
- A governance environment in which good decision-making can thrive.
- An effective, efficient, 360° network of service providers and Sub-Committees (and others) that support its day to day and strategic work.
- Communications that can inform, engage and educate members, and which help them to make good choices.
- Investment governance arrangement and default arrangement that are adequately designed, and suitably performing, for good outcomes in an array of different circumstances.
- Robust, accurate, efficient administration platforms.

### Control activities:

In accordance with the Annual Planner, a documented review of the VFM framework policy is undertaken

A VFM assessment is undertaken annually in accordance with the Annual Planner and addresses value for members derived from the cost of scheme management and governance, administration, investment governance and communications.

The VFM assessment is presented to the Trustee Board for review and approval in accordance with the Annual Planner.

VFM assessment conclusions are included in the Chair's Statement which is reviewed and approved by the Trustee.

### Test description:

We obtained and inspected the VFM framework policy to confirm in place and meeting minutes to confirm that the VFM policy has been reviewed in accordance with the Annual Planner

**No exceptions noted.**

We obtained and inspected the VFM assessment undertaken to confirm in place.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that a review of the VFM assessment has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the Chair's Statement to confirm that it includes conclusions in the VFM assessment.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that a review of the Chair's Statement has been undertaken by the Trustee.

**No exceptions noted.**

## 4. Control objectives and control activities

### Management of costs and charges

2. **The Trustee Board ensures disclosure of information to members of transaction costs and charges is complete and accurate and has been disclosed in accordance with regulatory guidelines.**

With the exceptions noted below, member borne charges are levied through an annual member charge (AMC) only.

The AMC covers the costs of scheme management and governance, administration and communications. It also includes the contractually agreed fees for investment services and governance. However, depending on the funds in which members are invested, there may be additional components of the investment charge. These are known as Additional Fund Expenses (AFE) and Transaction Costs.

Neither of these can be predicted in advance. Instead, we gather data from the Platform Manager about the most recent AFEs and Transaction Costs. AFEs are included in Investment Guide updates. In accordance with regulatory requirements, Transaction Costs are disclosed via Benefits Statements and the Chair's Governance Statement.

With the exceptions noted below, there are no transactional charges (charges levied for specified member-directed activities such as transfers or taking retirement benefits) or charges expressed as pounds and pence or a percentage of pot value of contribution.

The exceptions are that we reserve the right to levy a charge of £50 in respect of members:

- Who are receiving regular drawdown payment and who change the payment level or frequency more than four times in any twelve month period.
- Who request more than four uncrystallised funds pension lump sums in any twelve month period.

The Trustee delegates the calculation of the AMC to Capita. It is determined by reference to an actuarial underwriting model that calculates the anticipated costs and target margin relative to that participant's financial metrics (e.g. membership numbers, anticipated staff turnover, anticipated annual contributions and anticipated transfers-in).

Atlas operates an underwritten charging basis, with distinct series of funds which reflect section specific charges.

A URL is included in members' annual benefit statements and in the annual Chair's Governance Statement:

[www.atlasmastertrust.co.uk/library/documents](http://www.atlasmastertrust.co.uk/library/documents)

This URL links members to information on costs and charges. Information disclosed via this URL link represents the amounts deducted from their funds using recent transaction costs as required by regulations.

Costs and charges, including transaction costs, are also disclosed to members on-line in accordance with legislative requirements.

The disclosure includes the transaction costs advised by Scottish Widows and/or the underlying fund managers. It also includes illustrations of the effect of charges over time.

The charges (excluding Transaction Costs) are also listed on a fund-by-fund basis in the Investment Guides which are made available to all members by their employer and within the 'Library' section of the online benefits portal. This means the charges are available for members to view at any time, when they are using the on-line benefits portal to view or to make changes to their savings.

The Investment Guide is reviewed and approved by the Trustee in accordance with the Annual Planner.

The Trustee recognises that all the fund managers selected by them have a regulatory obligation to calculate transaction costs using an FCA directed methodology and believes that it is reasonable for them to rely on this regulatory obligation to ensure consistency and accuracy of disclosure.



## 4. Control objectives and control activities

### Control activities:

The Investment Guide discloses the range of charges.

In accordance with the Annual Planner, the Trustee reviews Capita Communications, including the Investment Guide, and Operational areas within Capita and control procedures relevant to the completeness and accuracy of member charges included in member communications.

In accordance with the Annual Planner, ROSC outlines to the Trustee controls including how the system for accurately calculating and deducting member borne costs and charges operates.

A URL is included in members' annual benefit statements and in the annual Governance Statement - [www.atlasmastertrust.co.uk/library/documents](http://www.atlasmastertrust.co.uk/library/documents).

The Chair's Governance Statement discloses information to members in relation to costs and charges. This Statement is reviewed and approved by the Trustee in accordance with the Annual Planner.

The Engagement Sub Committee's (ESC) Annual Planner includes two standing agenda items:

- Review ESC Report into the various controls around accurate disclosure (employer and member) and application of charges (Scottish Widows and Capita). This includes an explanation of how transaction costs are collated.
- Transaction Cost disclosure update. This provides an update that confirms to the Committee/Trustee that the transaction cost data has been updated and is available to members.

### Test description:

We obtained and inspected the Investment Guide to confirm that the range of charges (excluding Transaction Costs) are disclosed.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Trustee has reviewed control procedures relevant to the completeness and accuracy of costs and charges disclosed to members.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that ROSC is scheduled to outline to the Trustee how their system for accurately calculating and deducting member borne costs and charges is managed and operated.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that ROSC has provided an outline to the Trustee how their system for accurately calculating and deducting member borne costs and charges is managed and operated.

**No exceptions noted.**

We obtained and inspected a template annual benefit statements to confirm that they disclose (via URL) the range of costs and charges in relation to the default arrangements and self-select funds.

**No exceptions noted.**

We obtained and inspected the Chair's Governance statement to confirm it discloses information in relation to costs and charges.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Chair's Statement has been reviewed and approved by the Trustee in accordance with the Annual Planner.

**No exceptions noted.**

We obtained and inspected ESC meeting minutes to confirm that a review of controls around accurate disclosure and application of charges and transaction costs updates has been undertaken by the Trustee in accordance with the ESC Annual Planner.

**No exceptions noted.**

## 4. Control objectives and control activities

### Investment governance

3. A documented review of the suitability of the default arrangement(s) and range and risk profile of other investment options is undertaken and approved by the Trustee Board.

The strategic objectives of Atlas' investment offering, and the beliefs which underlie them, are set out in the Trustee's Statement of Investment Principles (SIP).

Atlas uses Choice Architecture (also described in the SIP) to make available a range of lifestyle strategies one of which – the Higher Equity Drawdown Strategy – is designated as our '**Primary Default**' investment strategy.

We use the term '**Primary Default**' to distinguish it from other funds and strategies that are designated as default funds either as a consequence of a legacy arrangement ('**Legacy Defaults**') or as a consequence of falling within the legal definition of default funds rather than through a deliberate strategy or policy of the Trustee ('**Ancillary Defaults**').

We review all default strategies annually, in accordance with the Annual Planners of the Investment Sub Committee and the Board.

Our lifestyle Choice Architecture also provides for a medium equity and lower equity drawdown strategy, and higher, medium and lower equity portfolios targeting cash and annuity.

Using this Choice Architecture, participating employers can tailor a default to their membership demographic. Defaults which are derived from this Choice Architecture are also designated as **Primary Defaults**.

- **Legacy Default** Strategies are strategies which Atlas may 'inherit' when different employers join and transfer their pre-existing pension arrangements, subject to the Trustee's acceptance. They are available only to a ring-fenced membership demographic rather than the wider membership. These are also reviewed annually, in accordance with our Annual Planner.
- **Ancillary Defaults** are single funds which fall under the legal definition of Default Funds for one or other reason. Reasons include funds which members are believed to have chosen themselves but where there is no longer any physical evidence of that choice, or where a member has made a choice which can be evidenced but where we have later had to redirect contributions and/or assets into an alternative fund. Examples of situations when this may happen are if we become concerned about the stability of a particular fund, or where the fund manager stops accepting

contributions, or closes a fund altogether. Even if this is no more than a temporary situation, the legal definition of Default Fund as, fundamentally, an investment not specifically selected by a member, means that the fund selected by us becomes a Default Fund – an **Ancillary Default** in our terminology.

We also make available a range of pooled investment funds to meet the varying investment needs and risk tolerances of our members. This includes offering both passively and actively managed investment funds. For the sake of simplicity and consistency, Atlas treats each of these funds as an **Ancillary Default**. The primary including the requirement to maintain the legislative charge cap of 0.75%. It is possible that funds that are introduced in the future, where it is not possible to maintain the legislative charge cap, will be treated as a **self-select fund** only rather than as an **Ancillary Default**.

Quarterly reviews of all funds are included in the Annual Planners of both the Investment Sub Committee and Board and comprise:

- Performance monitoring on a quarterly basis using performance data provided by Atlas' Platform Manager, Scottish Widows.
- Investment reports provided by Schroders
- Exceptions Reporting undertaken by Capita's Investment Consulting Practice; these reviews focus on investment funds which are consistently failing to meet their benchmarks or where there are other reasons for commentary such as significant fund outflows or change of key personnel considered essential to the ongoing success of the fund.

These quarterly reviews are supplemented by regular attendance (at least annually) of key Schroders personnel at Investment Sub Committee meetings, Board meetings or extraordinary meetings.

## 4. Control objectives and control activities

### Control activities:

In accordance with the Annual Planner, the Trustee reviews the suitability of the default investment strategies.

In accordance with the Annual Planner, the objectives and ongoing suitability of the range and risk profile of self-select funds are reviewed.

Reviews of both the default strategies and self-select funds are recorded in meeting minutes, including decisions made to change default strategies and consideration of related costs and charges borne by members.

Where widespread changes to investments are being considered, the Trustee obtains investment advice, as appropriate, when undertaking formal reviews of the default arrangements and self-select funds.

Where changes are to be made to the default arrangements or range and risk profile of self-select funds, this is documented in an implementation plan approved by the Trustee.

Where a decision is made to not make any changes to investment arrangements, the rationale for this decision is documented in Trustee meeting minutes.

### Test description:

We obtained and inspected meeting minutes to confirm that a review of the suitability of the default investments has been undertaken by the Trustee in accordance with the Annual Planner.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that quarterly reviews of the suitability of the objectives and range and risk profile of self-select funds are undertaken by the Trustee.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that where decisions are made to change the default strategies and self-select funds, this is recorded in meeting minutes.

Note: Through enquiry it was confirmed that there were no widespread changes to investments during the reporting period.

**No exceptions noted.**

Through enquiry we confirmed whether investment advice has been received in the period in relation to widespread changes to investments.

Note: Through enquiry it was confirmed that there were no widespread changes to investments during the reporting period.

**No exceptions noted.**

Through enquiry and observation, we confirmed that no decisions to change defaults were made so no investment advice sought or implementation plan prepared during the reporting period.

Note: Through enquiry it was confirmed that there were no widespread changes to investments during the reporting period.

**No exceptions noted.**

We obtained and inspected Trustee meeting minutes to confirm that the rationale for not making changes to the default arrangements has been documented.

**No exceptions noted.**

## 4. Control objectives and control activities

### 4. The Trustee Board undertakes a documented review of the Statement of Investment Principles. This review includes consideration of investment objectives and policies for the default arrangement(s) and all other investment options.

A formal review of the Statement of Investment Principles (SIP) is scheduled in the Annual Planner of both the Board and the Investment Sub Committee.

The review incorporates a review of the Trustee's investment beliefs which are used to identify the strategy to be adopted.

In practice the SIP is kept under continual review as both the Board and Investment Sub Committee monitor and (if appropriate) respond to industry developments, member and client expectations (and preferences) and regulatory change programmes. This may involve additional meetings or email exchanges, depending on the scope and complexity of the review.

Minutes, updates to the Schedule of Decisions Taken (the log that records Trustee decisions in-between formal meetings) and email exchanges record such interim review activities.

Atlas' Investment Management Agreement (IMA) with Schroders is such that Schroders have considerable flexibility to make changes to the portfolio, within the agreed parameters set out in the IMA, in order to achieve the agreed return and risk objectives. This includes flexibility (within parameters) on matters such as asset allocations and currency hedging. It also enables Schroders to increase Atlas' exposure to ESG factors and strategies where they believe such changes serve the interests of better meeting the financial and risk objectives set out in the IMA. The IMA was submitted to The Pensions Regulator as part of the authorisation process and therefore routine portfolio changes undertaken in accordance with it are not routinely considered reportable under the Significant Events regime. However, any material changes to the risk and return characteristics of the investment strategy would be considered reportable.

Atlas operates a "white-labelled" fund approach. This means that tactical changes can be undertaken without changing the strategic objective of a particular fund. For example, the Trustee can replace an underperforming fund manager with a similar offering from an alternative fund manager without changing the objectives of the fund.

Changes made using this structure are therefore for efficiency purposes rather than strategic and are not considered to be notifiable under the Significant Events regime, since the objectives of the fund and risk and return objectives remain unchanged.

#### Control activities:

The Trustee maintains a Statement of Investment Principles.

The Trustee undertakes a review of the Statement of Investment Principles in accordance with the Annual Planner. This review includes consideration of the suitability of default investment objectives and policies.

The review of the Statement of Investment Principles is recorded in meeting minutes.

Changes made to the Statement of Investment Principles are approved by the Trustee and (where material) are reported to the Pensions Regulator.

**Note** – 'material' in this context means a change to target returns or the level of risk taken, or a material change to one or more of the Trustee's investment beliefs.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected the Statement of Investment Principles to confirm in place.

### No exceptions noted.

We obtained and inspected the meeting minutes to confirm that a review of the Statement of Investment Principles, including the suitability of investment objectives and policies of the default arrangements, has been undertaken by the Trustee.

Note: The statement of Investment Principles was reviewed outside of the meeting cycle and the review was recorded within the decision log, and subsequently reviewed at a later Trustee meeting.

### No exceptions noted.

We obtained and inspected the Annual Planner to confirm that on-going reviews of the Statement of Investment Principles, the suitability of the default strategies and self-select funds have been scheduled.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that changes to the Statement of Investment Principles have been approved by the Trustee.

### No exceptions noted.

## 4. Control objectives and control activities

### 5. The Trustee Board ensures that the Statement of Investment Principles is made publicly available

The SIP is included as an Appendix to the Chair's Statement and is also publicly available on the Atlas member website.

Paper copies can be provided to members who so request

#### Control activities:

The SIP is included as an appendix to the Chair's Statement.

Upon approval by the Trustee, the latest Statement of Investment Principles is uploaded onto the Atlas website at:

<https://www.atlasmastertrust.co.uk/library/documents>

#### Test description:

Through inspection we confirmed that the Statement of Investment Principles has been uploaded onto the Atlas website and is publicly available.

**No exceptions noted.**



## 4. Control objectives and control activities

6. **The performance of all investment options (including the default arrangement(s)) is reviewed and monitored against the investment objectives set out in the Statement of Investment Principles. This review is documented and approved by the Trustee Board.**

Quarterly reviews of all funds are included in the Annual Planners of both the Investment Sub Committee and Board and comprise:

- Performance monitoring on a quarterly basis using performance data provided by Atlas' Platform Manager, Scottish Widows.
- Investment reports provided by Schroders
- Exceptions Reporting undertaken by Capita's Investment Consulting Practice; these reviews focus on investment funds which are consistently failing to meet their benchmarks or where there are other reasons for commentary such as significant fund outflows or change of key personnel considered essential to the ongoing success of the fund.

These quarterly reviews are supplemented by regular attendance (at least annually) of key Schroders personnel at Investment Sub Committee meetings, Board meetings or extraordinary meetings.

The Trustee requires Capita to provide a quarterly Exceptions Report to the ISC/Trustee Board highlighting investment performance relative to benchmark objectives, including a brief narrative. The ISC/Trustee may then commission a deeper investigation into funds and fund managers which are not meeting the objectives.

### Control activities:

In accordance with the Annual Planner, the Trustee monitors the performance of the Ancillary Default funds and self-select funds (where different).

Investment performance monitoring, including performance against benchmarks and investment objectives, are recorded in Trustee meeting minutes.

Quarterly investment performance reviews are supplemented by regular attendance (at least annually) of Schroders personnel at Investment Sub Committee meetings, Board meetings or extraordinary meetings.

Capita provides a quarterly Exceptions Report to the ISC/Trustee Board highlighting investment performance relative to benchmark objectives. This Exceptions report is reviewed and recorded in meeting minutes.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected the Annual Planner to confirm that reviews of the performance of funds within the default strategies and self-select funds have been scheduled.

### No exceptions noted.

We obtained and inspected the quarterly investment performance reports submitted to the Trustee by Scottish Widows

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that quarterly reviews of the performance of funds within the default strategy and the self-select funds against Scottish Widows' benchmarks and investment objectives have been undertaken by the Trustee.

### No exceptions noted.

We obtained meeting minutes to confirm that Schroders have presented a report to the Trustee in relation to investment performance.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a review of the Capita quarterly Exceptions Report has been undertaken by the ISC/Trustee.

### No exceptions noted.

## 4. Control objectives and control activities

### The trustee board

#### 7. New trustees are recruited and appointed in accordance with a documented procedure approved by the Trustee Board

Clause 2.2 of the Trust Deed and Rules provides that the power of Trustee appointment and removal lies with the Founder/Funder.

The Funder and Trustee have a Protocol Agreement (last reviewed and signed on 22nd January 2019). It sets out certain understandings that Capita and the Trustee have reached about how they intend to manage their respective roles in connection with the Trust. This includes a protocol for the recruitment and appointment of new trustees, set out below:

##### a. Constitution of the Trustee board

*CEBL, undertook a thorough selection and due diligence exercise in selecting the directors of the Trustee.*

*CEBL will continue to monitor the ongoing suitability of the directors of the Trustee. In particular, CEBL will:*

- *seek to ensure that the skills, knowledge and competence of the Trustee board as a whole satisfy prevailing regulatory requirements and the reasonable expectations of members, participants and market commentators and that this remains the case following any changes to the Trustee Board; and*
- *have regard to any potential risks involved in the constitution of the Trustee board, including any possible conflicts of interest which may arise. When any such risks are identified, CEBL will decide whether any such risk is acceptable and can be managed. Risks will be managed through regular monitoring by CEBL and appropriate action (including removal of any director of the Trustee) if CEBL decides that the level of risk is no longer acceptable.*
- *In accordance with clause 2.2 of the Trust Deed and Rules, the Founder may by deed appoint new or additional directors and remove any director from office.*

##### b. Appointment

*CEBL will ensure that the appointment process for the appointment of new or replacement directors of the Trustee complies with the requirements of The Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by the Occupational Pension Schemes (Charges and Governance) Regulations 2015. This includes:*

- *consulting the chair of the Trustee board about any director of the Trustee appointment;*
- *ensuring that the majority of directors of the Trustee, including the chair, are non-affiliated to the Funder's Group in line with the requirements of those regulations; and*
- *ensuring that the appointment process for a non-affiliated director of the Trustee is open and transparent in accordance with those regulations.*
- *In addition, CEBL agrees with the Trustee that it will:*
- *start a recruitment process to appoint a director of the Trustee, where the Trustee, acting reasonably, requests that a recruitment process is started;*
- *take into account the reasonable requirements of the Trustee about the required characteristics of any new director of the Trustee;*
- *allow the Trustee board, should they request to do so, to interview the director of the Trustee candidates in advance of any appointment; and*
- *take into account the views of the Trustee when deciding which candidate should be appointed as director of the Trustee. However, CEBL's decision shall be final as to who is appointed as director of the Trustee.*

## 4. Control objectives and control activities

### **Control activities:**

The Trustee and Funder maintain a Protocol Agreement which describes the basis upon which trustee recruitment will be conducted.

The Protocol Agreement is reviewed by the Trustee and Capita in accordance with the Annual Planner.

### **Test description:**

We obtained and inspected the Protocol Agreement to confirm it addresses trustee appointment and recruitment.

### **No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that a review of the Protocol Agreement has been scheduled and meeting minutes to confirm that a review of the Protocol Agreement has been undertaken by the Trustee.

Note: The next schedule review of the Protocol Agreement is in June 2021.

### **No exceptions noted.**

## 4. Control objectives and control activities

8. The fitness and propriety of trustees is assessed prior to appointment and reviewed annually thereafter in accordance with a documented policy. This review is documented and approved by the Trustee Board.

The Trustee maintains a Fitness and Propriety policy, which requires an annual assessment of Trustee fitness and propriety.

The annual assessment includes a declaration of interests and the annual assessment is reviewed and approved by the Chair of the Trustee. As required by the approved Business Plan, the Fitness and Propriety policy is subject to annual review.

This annual review is included in the Annual Planner.

The Fitness and Propriety policy covers matters such as Trustee knowledge and understanding, honesty and integrity and is subject to annual review in accordance with the Annual Planner.

Each Trustee Director is appointed based on independent assessment against a skills matrix, which detailed the skills required to conduct the role.

The prevailing Fitness and Propriety policy will be used during any new Trustee appointment process, in conjunction with a Board Assessment to identify any areas of experience or expertise that require strengthening.

### Control activities:

The Trustee maintains a Fitness and Propriety policy.

In accordance with its Annual Planner, the Trustee reviews the Fitness and Propriety policy on an annual basis. This review is recorded in Trustee meeting minutes.

In accordance with the Fitness and Propriety policy, the fitness and propriety of new Trustee is assessed prior to formal appointment, including a Board Assessment and completion of a Trustee skills matrix.

Each new Trustee Director appointment is subject to a Fitness and Propriety check including CBT checks prior to their appointment. Appointments are subject to TPR approval.

In accordance with the Fitness and Propriety policy, an annual ongoing assessment of Trustee fitness and propriety is undertaken, including declarations of interest, for each Trustee Director and reviewed by the Chair of the Trustee.

At each Trustee and Sub Committee meeting, the Trustee representatives are required to disclose any reason why their Fitness and Propriety is or could become compromised.

DBS certificates (or equivalent) are required every three years in accordance with the Annual Planner.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected the Fitness and Propriety Policy to confirm in place and to confirm that it addresses fitness and propriety requirements prior to a new Trustee Director appointments and ongoing post appointment requirements.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that annual reviews of the Fitness and Propriety policy have been scheduled.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Fitness and Propriety policy has been reviewed by the Trustee.

**No exceptions noted.**

For new Trustee Directors in the period, we obtained and inspected completed Trustee skills matrices and Board Assessment to confirm that Fitness and Propriety was and approved prior to formal appointment.

Note: No new Trustees were appointed during the year

**No exceptions noted.**

For a sample of new Trustee appointments in the year, we obtained and inspected the Fitness and Propriety check to confirm that this had been completed prior to appointment.

Note: No new Trustees were appointed during the year

**No exceptions noted.**

We obtained and inspected Trustee Director annual assessments of fitness and propriety and declarations of interest to confirm they have been completed in the period.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that annual assessments of Trustee Director fitness and propriety has been scheduled.

**No exceptions noted.**

### Test description:

Through enquiry and inspection, we confirmed that annual reviews of Trustee Director annual assessments of fitness and propriety and declarations of interest have been reviewed by the Chair of the Trustee and formally documented.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that Trustee representatives disclose their fitness and propriety.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that requirements to obtain triennially DBS certificates has been scheduled.

**No exceptions noted.**



## 4. Control objectives and control activities

### 9. Collective skills and competencies of the Trustee Board as a whole are reviewed on an annual basis. This review is documented and approved by the Trustee Board.

The collective levels of Trustee knowledge and understanding are managed and maintained in accordance with an annual Fitness and Propriety policy approved by the Trustee Board and reviewed annually in accordance with the Trustee's Annual Planner.

The approach and plan for identifying training and learning needs is set out in the Fitness and Propriety policy. This requires a more regular assessment of training and competence needs to better facilitate the changing regulatory environment, best practice and market expectations.

Training records are maintained by all Trustee Directors. New Trustee directors should hold a Professional Trustee Accreditation and/or successfully complete the Pensions Regulator's Trustee toolkit within six months of their appointment, or demonstrate that they otherwise meet the requirement for appropriate knowledge and understanding.

Each Trustee Directors is an Independent Professional Trustee. Two of them, Steve DeLo and Penny Green, are representatives of Independent Trustee companies which are subject to stringent training and competency plans. Alan is subject to the Continuous Professional Development and Professional Code requirements of the Institute and Faculty of Actuaries.

Each Trustee Directors is also subject to the Professional Code requirements of the Pensions Management Institute.

The training undertaken by each Trustee Director is recorded in their individual training logs.

Capita also provides the Trustee Directors with briefings on industry matters which are relevant to the running of the Atlas Master Trust.

A Pinsent Mason's 'Master Trust Update' forms part of the Trustee Board Pack. These updates provide a narrative about upcoming regulatory and legislative change as they impact (or may impact) Master Trusts.

Trustee knowledge and understanding records are updated annually as part of the Fit and Proper assessment.

#### Control activities:

The approach for managing and maintaining Trustee Director knowledge and understanding is set out in the Fitness and Propriety policy which is reviewed annually.

In accordance with its Annual Planner, the Trustee reviews the individual and collective skills, knowledge and understanding of Trustee Directors and the Board.

At each Trustee meeting, an agenda item reviews forthcoming agenda items to ensure that the requisite competence exists (or can be trained or otherwise resourced) and resource is available.

Training undertaken by each Trustee Director is recorded in their individual training logs.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected the Fitness and Propriety policy to confirm that it sets out the approach for managing and maintaining Trustee Director knowledge and understanding.

### No exceptions noted.

We obtained and inspected the Annual Planner to confirm that reviews of individual and collective skills, knowledge and understanding of Trustee Directors and the Board are scheduled.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a review of individual and collective skills, knowledge and understanding of Trustee Directors and the Board has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a forward-review of scheduled activities has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected Trustee training records maintained by the Trustee to confirm in place.

### No exceptions noted.

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## 4. Control objectives and control activities

### 10. Trustee levels of knowledge and understanding are managed and maintained in accordance with an annual training and development plan approved by the Trustee Board

Based on the arrangements set out in relation to control objective 9, the Trustee can identify any knowledge gaps or additional training requirements from these documents.

Any such activity agreed through this process is to be identified in the minutes and added to the Trustee's Annual Planner, which will set out the programme of training required.

In accordance with the Annual Planner, each year an assessment is undertaken to identify knowledge and skill gaps on the Trustee Board and assess whether Trustee Directors have sufficient knowledge and skills for their role.

To manage training and planning, at each quarterly meeting the Trustee undertakes a forward review of the Annual Planner over the coming six months and assesses whether (collectively and individually) it believes itself to be properly equipped to discharge the responsibilities and tasks in that period. In this way the Trustee can use foresight of upcoming events (and change events) to identify any additional training needs or external resource that may be necessary; duplication of training can be avoided and greater focus can be given to training that is necessary for the Trustee to discharge its Atlas responsibilities.

#### Control activities:

In accordance with the Annual Planner, each year an assessment is undertaken to identify knowledge and skill gaps on the Trustee Board and assess whether Trustee Directors have sufficient knowledge and skills for their role.

The approach and plan for identifying training and learning needs is set out in the Fitness and Propriety policy which is reviewed annually in accordance with the Annual Planner.

At each quarterly Board meeting there is a section headed 'Reflection/Training' which includes a forward review of the items and activities scheduled in the Annual Planner for the following quarter to consider any specific or general training needs.

#### Test description:

We obtained and inspected meeting minutes to confirm that an assessment has been undertaken to identify knowledge and skill gaps on the Trustee Board in accordance with the Annual Planner.

**No exceptions noted.**

We obtained and inspected the Fitness and Propriety policy to confirm that it sets out the approach and plan for identifying learning and skill gaps on the Trustee Board.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that a forward review of the annual Planner is undertaken by the Trustee to consider training needs.

**No exceptions noted.**

## 4. Control objectives and control activities

### Financial sustainability and compliance

11. **A documented review of financial sustainability (including access to resources to cover running costs and financial reserves in the event of a triggering event) is undertaken by the Trustee Board within required timescales.**

The Business Plan, including financial sustainability requirements, is updated annually in accordance with the Trustee's Annual Planner before submission to TPR.

This update includes a reforecast of reserves including both the cash and ICAAP elements accepted by TPR during the authorisation process as satisfying their reserve requirements.

The Trustee and Funder have a Deed of Agreement which sets out the quantum and structure of the financial reserves (bank account and ICAAP reserves) and this Deed is also updated annually, once TPR has confirmed its satisfaction with the proposed revisions to the BP and consequential financial reserving calculations.

A financial forecast, including a new business summary, is scheduled for each quarterly Trustee and ROSC meeting. These include key financial metrics such as AUM, income and costs, and forecasts of profit or loss. They enable the Trustee to monitor material deviations from the submitted Business Plan and to take such corrective action as may be necessary.

A Director of the Funder is also a Scheme Strategist. This structure gives Atlas immediate and proximate access to any relevant changes to the Funder's activities.

The Atlas Executive is employed by the Funder and therefore has direct access to any planned or actual changes to the Funder's activities.

#### Control activities:

In accordance with the Annual Planner, the Trustee undertakes a review of financial sustainability in conjunction with the Scheme Strategists and Funder. This review is documented in meeting minutes.

The Trustee and Funder maintain a Deed of Agreement which sets out the quantum and structure of the financial reserves (bank account and ICAAP reserves). This Deed of Agreement is updated annually.

The ROSC reviews key financial metrics on a quarterly basis, in accordance with the Annual Planner.

ROSC reviews the accounts of the Funder on an annual basis, in accordance with the Annual Planner. In the event of any concerns from that review, a Board Director of the Funder is invited to attend a Trustee Board meeting to discuss the Trustee's concerns. The attendance and discussion outcome are recorded in the meeting Minutes.

The ROSC Annual Planner includes a footnote which sets out the process for reviewing financial sustainability.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected meeting minutes to confirm that a review of financial sustainability requirements is undertaken by the Trustee in accordance with Annual Planner.

### No exceptions noted.

We obtained and inspected the Deed of Agreement which sets out the quantum and structure of the financial reserves to confirm in place and meeting minutes to confirm that this Deed of Agreement has been reviewed and updated.

### No exceptions noted.

We obtained and inspected a sample of ROSC meeting minutes to confirm that a review of key financial metrics has been undertaken in accordance with the Annual Planner.

### No exceptions noted.

We obtained meeting minutes to confirm that an annual review of the accounts of the Funder has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected the ROSC Annual Planner to confirm that it includes the process for reviewing financial sustainability of the Scheme Funder.

### Exception noted.

The ROSC Annual Planner does not include the process for reviewing financial sustainability of the Scheme Funder.

### Management Response

The new process note referred to in the control activity had not been added to the 2021 Annual Planner pre Quarter 2 2021. However, as reported above a documented review of financial sustainability had been undertaken as planned with no other exceptions noted in relation to the Control Objective.

## 4. Control objectives and control activities

### 12. A documented review of the Business Plan is undertaken by the Trustee Board within required timescales.

The Business Plan is reviewed by the Trustee, Strategist and Funder on an annual basis in accordance with the Trustee's Annual Planner. A financial forecast including new business summary is scheduled for each quarterly Board and ROSC meeting. These include key metrics such as AUM, income and costs, and forecasts of profit or loss. They enable the Trustee to monitor material deviations from the submitted Business Plan and to take such corrective action as may be necessary.

#### Control activities:

In accordance with the Annual Planner, the Trustee undertakes a review of the Business Plan in conjunction with the Scheme Strategists and Funder. The ROSC reviews key financial metrics on a quarterly basis, in accordance with the Annual Planner.

#### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Business Plan has been undertaken by the Trustee in accordance with the Annual Planner.

#### No exceptions noted.

We obtained and inspected a sample of ROSC meeting minutes to confirm that a review of key financial metrics has been undertaken in accordance with the Annual Planner.

#### No exceptions noted.



## 4. Control objectives and control activities

### 13. A documented Continuity Strategy is maintained and reviewed by the Trustee Board.

The Continuity Plan initially submitted to TPR as part of the authorisation process is reviewed annually by the Trustee, Strategist and Funder and updated as appropriate, in accordance with the Trustee's Annual Planner. It is then submitted to TPR as required.

#### Control activities:

In accordance with its Annual Planner, the Board undertakes a review of the Continuity Strategy in conjunction with the Scheme Strategists and Funder.

#### Test description:

We obtained and inspected meeting minutes to confirm that a review of the Continuity Strategy has been undertaken by the Trustee in accordance with the Annual Planner

**No exceptions noted.**

## 4. Control objectives and control activities

- 14. A documented procedure is maintained and approved by the Trustee Board for reporting Significant Events and Triggering Events to the Regulator within required timescales.**

Significant Events are monitored on an ongoing basis by the Trustee and Atlas Executive, including Atlas' Head of Risk and Operations and Senior Governance Manager.

A summary of Significant Event notifications is included in each Board Pack.

At each ROSC and Board meeting a review of Significant Events is undertaken to facilitate discussion about any potential risks and declarations of known or potential new Significant Events are minuted.

Each Sub-Committee has a Terms of Reference which includes:

*"Individually and collectively all sub-committee members have a duty to notify any information they know that might lead to the requirement to report such an event to the Pensions Regulator in accordance with the Pension Schemes Act 2017. This information will then be shared with the Trustee for a formal decision to be made as to any report to be made, in accordance with the Significant and Triggering Events reporting policy."*

### Control activities:

The Trustee maintains a Significant and Triggering Events reporting policy which is reviewed annually in accordance with the Annual Planner.

The Trustee's Fitness and Propriety Policy requires existing and new Trustee Directors and Strategists to read the policy and understand their regulatory duties for reporting Significant and Triggering Events.

In accordance with the Annual Planner, the Trustee and Risk and Operations Sub Committee review potential Significant and/or Triggering Events at each scheduled meeting.

A summary of Significant Event notifications is included in each Board Pack for Trustee review. Key risks leading to Significant and / or Triggering Events notifications are monitored through the Risk Register.

The Decisions Log maintained by the Trustee includes a column to confirm whether a decision is or is not notifiable.

### Test description:

We obtained and inspected the Significant and Triggering Events reporting policy and meeting minutes to confirm that a review of this policy has been undertaken by the Trustee in accordance with the Annual Planner.

#### No exceptions noted.

We obtained and inspected the Trustee's Fitness and Propriety Policy to confirm it requires existing and new Trustee Directors to read this policy understand their regulatory duties for reporting Significant and Triggering Events.

#### No exceptions noted.

We obtained and inspected a sample of Trustee and Risk and Operations Sub Committee meeting minutes to confirm that Significant Events are considered and reviewed.

#### No exceptions noted.

We obtained and inspected a sample of Board Packs to confirm that A summary of Significant Event notifications is included Trustee review.

#### No exceptions noted.

We obtained and inspected the Decisions Log maintained by the Trustee to confirm it includes a column to confirm whether a decision is or is not notifiable.

#### No exceptions noted.

## 4. Control objectives and control activities

### Scheme management skills

#### 15. An annual business schedule/plan is maintained and reviewed by the Trustee Board

The Trustee and three of its four Sub Committees (the Risk and Operations Sub Committee, Engagement Sub Committee and Investment Sub Committee) each maintain a rolling Annual Planner which provides a diarised structure for them to consider key aspects of governance at relevant meetings, including reviews of key policies such as the Statement of Investment Principles, Conflicts of Interest policy, Value For Money framework policy and Fitness and Propriety policy, as well as other scheduled activities such as reviews of service providers, Business Plan and Continuity Strategy.

Each Annual Planner also includes scheduled reviews of Sub-Committee Terms of Reference, and the Trustee's assessment of Fitness and Propriety. A review of the sufficiency of the matters scheduled in the Annual Planner is also scheduled for completeness.

The Annual Planner helps to identify and to plan ahead the necessary resources required to undertake particular governance activities.

Through the Annual Planner the Trustee can identify if adequate resources are available or whether additional resource or training is necessary.

As noted above, the scope and content of the Annual Planner is itself reviewed and approved both on an ongoing basis, as required, and formally on an annual basis. The formal review is recorded in meeting minutes.

There are four scheduled meetings of the Board and the three Sub Committees noted above in each twelve month period, as set out in the Annual Planner. Additional meetings are anticipated in the Trustee's appointment letters and held on an as required basis.

The Annual Planner also identifies standing agenda items for each relevant Committee meeting.

#### Control activities:

The Trustee maintains an Annual Planner for itself and for three of its four Sub Committees.

Each Annual Planner is reviewed regularly to ensure it reflect contemporaneous activities' laws and regulation and formally on an annual basis, in accordance with the Annual Planners.

Where decisions are required outside of planned formal meetings, minutes, updates to the Schedule of Decisions Taken (the log that records Trustee decisions in-between formal meetings) and email exchanges record such interim review activities.

Where an agenda item is rescheduled, this is recorded in an updated Annual Planner.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected the Annual Planner for the Risk and Operations Sub Committee, Engagement Sub Committee and Investment Sub Committee to confirm in place.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that the Annual Planner has been reviewed and approved by each relevant Committee.

### No exceptions noted.

We obtained and inspected the Annual Planner for each relevant Committee to confirm that it sets out the frequency of meetings and agenda items, including standard agenda items.

### No exceptions noted.

Through enquiry and inspection of a sample of minutes, we confirmed that Trustee decisions made outside of scheduled formal Trustee meetings are documented in email exchanges and updated in the Schedule of Decisions Taken.

### No exceptions noted.

Through enquiry we confirmed that where an agenda item is postponed or rearranged, the Annual Planner is updated and the agenda item is rescheduled.

### No exceptions noted.

## 4. Control objectives and control activities

16. Conflicts of interest are subject to ongoing monitoring and are identified, recorded in a conflicts register and managed in accordance with a defined policy which is regularly reviewed by the Trustee Board.

The Trustee maintains a Conflicts of Interest policy which is reviewed by the Trustee annually in accordance with the Annual Planner.

The Conflicts of Interest policy covers:

- Every Trustee director of the Corporate Trustee of the Trust
- Any other independent fiduciary appointment (such as the Chair of the Investment Sub Committee)
- Each member of the Atlas Executive Team.
- Any other person who is also a member of any decision-making Sub-Committee of the Trustee.
- Adviser conflicts.

Conflicts of interest are a standing agenda item at each Trustee meeting. In line with the policy, conflicts of interest are declared at the outset of each trustee meeting and recorded in the minutes of the meeting; any conflicts are added to the Conflicts and Interests Register.

Matters relating to conflicts of interest are set out in the Trustee Directors' terms of appointment.

### Control activities:

The Trustee has a Conflicts of Interest policy which is reviewed annually in accordance with the Annual Planner.

Conflicts of interest are a standing agenda item at each Board and Sub Committee meeting.

The Trustee maintains a Conflicts of Interest Register which is updated after any new conflicts of interest are declared.

### Test description:

We obtained and inspected the Conflicts of Interest Policy to confirm in place and to confirm that it addresses both Trustee and adviser related conflicts of interest.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that the Conflicts of Interest policy has been reviewed by the Trustee in accordance with the Annual Planner.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that conflicts of interest are a standing agenda item at Trustee meetings.

### No exceptions noted

We obtained and inspected the Conflicts Register to confirm in place and through enquiry confirmed that the Conflicts Register has been updated after a new conflict of interest has been declared.

### No exceptions noted.

## 4. Control objectives and control activities

17. Documented due diligence is undertaken by the Trustee Board prior to the appointment of all service providers, including fitness and propriety. Selection criteria is maintained by the Trustee Board to support service provider selection and decision making.

The Trustee agrees the appointment of each of their service providers after a suitable due diligence procedure.

The appointment of each adviser and service provider is recorded in Trustee minutes. The Trust Deed & Rules empowers the Trustee to change any of its service providers.

The Trustee has a Service Provider Selection policy. Due to the varied nature of the roles (e.g. administration, investment management and consultancy, legal and audit) and unpredictability about future requirements, the policy is a necessarily high level document which describes the main principles underlying such appointments and the persons expected to be involved in the due diligence process.

In accordance with the Annual Planner, the Service Provider Selection policy is reviewed on an annual basis.

### Control activities:

The Trustee is responsible for all service provider appointments (clause 4.2 of the Trust Deed and Rules).

The Trustee agrees the appointment of each of their advisers and service providers after conducting a documented due diligence procedure.

The Trustee maintains a Service Provider Selection policy which includes criteria to be considered to support the selection of new advisers and service providers.

In accordance with the Annual Planner, the Service Provider Selection policy is reviewed on an annual basis.

### Test description:

We obtained and inspected the Trust Deed and Rules to confirm that the responsibility for all service provider appointments is vested with the Trustee.

### No exceptions noted.

We obtained and inspected the documented due diligence procedures to confirm in place.

### No exceptions noted.

For advisers and service providers appointed in the period, we obtained and inspected due diligence undertaken prior to their appointment and meeting minutes to confirm that the results of the due diligence has been considered by the Trustee.

### No exceptions noted.

**Note:** During the reporting period, there were no advisers or service providers appointed.

We obtained and inspected the Service Provider Selection policy to confirm in place.

### No exceptions noted.

We obtained and inspected the Service Provider Selection policy to confirm it includes criteria to be considered to support the selection of new advisers and service providers.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a review of the Service Provider Selection policy has been undertaken by the Trustee in accordance with the Annual Planner.

## 4. Control objectives and control activities

### 18. Roles and responsibilities of all advisers and service providers are documented and the performance and quality of their service is subject to documented reviews by the Trustee Board against documented performance criteria.

The Trustee has created a high-level note setting out the key roles and responsibilities of each service provider and the specific roles and responsibilities delegated to the individual Trustee Directors, members of the Atlas Master Trust Executive Team and any other key personnel.

Services provided by all third parties and/or organisations related to the Master Trust (including fund managers) are specified in contractual documents, including the roles, responsibilities and duties of each party.

The terms under which the Trustee Company is established and operates is set out in the Articles of Association. The Trustee Directors appointed to the Trustee Company each have a letter of appointment in place which sets out their role and their duties. The Trustee is empowered to change any of its service providers.

Capita and the Trustee have a Framework Agreement which sets out the roles and contractual responsibilities of the two parties. This is reviewed annually in accordance with the Trustee's Annual Planner, although the agreement is expected to be quinquennial, with appropriate termination clauses. It includes a formal Service Level Agreement. The Administration Report provided by Capita at each quarterly Board and ROSC meeting includes performance against SLA. A representative from the Operations Team presents the report at ROSC and any issues relating to SLA deterioration are discussed and, where appropriate, reported to the Trustee.

Atlas' Platform Provider (Scottish Widows) e provides quarterly reports including tailored MI through which the Trustee can monitor the assets under management and in and outflows from each fund (broken down at Fund Series level to better monitor activity at the employer level) and the investment performance of the underlying fund managers.

Services provided by Crowe U.K. LLP (who provide statutory accounts and audit assurance services) and Pinsent Masons LLP (who provide legal services) are monitored by the Trustee on an ongoing basis.

The Trustee formally reviews each of its service providers in accordance with the Annual Planner, or sooner if circumstances dictate that an earlier review should be undertaken. The performance of the appointed legal adviser, auditor, assurance practitioner and independent investment adviser(s) are measured and monitored against any formally agreed criteria (e.g. Investment Consultants) and/or through professional judgement and Trustee experience over the course of a year.

The Trustee also undertakes an annual assessment of the Atlas Executive and Key Person F&P/Competence in accordance with its Annual Planner.

## 4. Control objectives and control activities

### Control activities:

In accordance with the Annual Planner, the Trustee conducts a review of all service providers on an annual basis.

Services provided by Trustee Directors and third parties and/or organisations related to the Atlas Master Trust (including fund managers) are specified in contractual documents.

The Trustee maintains a high-level note setting out key roles of each service provider, which is reviewed annually in accordance with the Annual Planner.

The Trustee formally reviews each of its service providers annually (including role and responsibilities and service performance), as set out in its Annual Planner.

Service levels in relation to administration are set out in the Framework Agreement between the Trustee and Capita and subject to performance reporting through the Administration Reports presented to the Trustee and Risk & Operations Sub Committee quarterly.

In accordance with the Annual Planner, the Trustee reviews the Capita AAF reports and Scottish Widows AAF 01/06 report as part of the review of performance of administration services provided.

Where there are any timing differences between the date of receiving the latest Capita AAF reports and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

### Test description:

We obtained and inspected the Annual Planner to confirm that annual reviews of all service providers has been scheduled.

**No exceptions noted.**

For a sample of service providers, we obtained and inspected meeting minutes to confirm that an annual review has been undertaken by the Trustee.

**No exceptions noted.**

### Test description:

We obtained and inspected a sample of service provider contractual documents to confirm that services provided are specified.

**No exceptions noted.**

We obtained and inspected the Trustee high-level note to confirm that it sets out key roles.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the high-level note of service provider roles and responsibilities has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that on-going reviews of roles and responsibilities of service providers and the high-level schematic have been scheduled.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that roles and responsibilities of service providers have been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that annual reviews of service providers has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected quarterly Administration Reports to confirm that performance against service levels are included.

**No exceptions noted.**

We obtained and inspected minutes of meetings to confirm that performance against service levels in relation to administration are reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF reports and the Scottish Widows AAF 01/06 report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the trustees.

**No exceptions noted.**



## 4. Control objectives and control activities

### 19. The Trustee Board maintains a risk management framework to identify, evaluate, manage and monitor scheme risks.

The Trustee has developed and implemented a Risk Register which is a key component of its internal controls and governance framework.

The ROSC has primary responsibility for reviewing the Risk Register at each scheduled quarterly meeting.

Recommendations for any changes, including any new risks, are submitted in a Board Paper at the subsequent Board meeting. Approval of those recommendations (or otherwise) is recorded in the Board Minutes.

The Risk Register is split into six distinct sections:

- Governance
- Investment
- Funder and Sustainability
- Operational
- Compliance
- Advisers/Service Providers.

It includes a likelihood and impact assessment, which then identifies the most significant risks, and an annotation to show whether the risk is static or has increased or decreased over the period. Mitigations are included (and updated over time) to create a post mitigation risk measurement. Some risks are then identified and managed as 'Top Risks'.

#### Control activities:

The Trustee maintains a Risk Register which is reviewed on a quarterly basis by the Risks & Operations Sub Committee, in accordance with the Annual Planner.

Proposals for new or changed risks are recommended by ROSC to the Trustee Board and reviewed at each Board meeting.

Any changes agreed by the Trustee are recorded in the Minutes.

#### Test description:

We obtained and inspected the Risk Register to confirm in place.

#### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a review of the Risk Register has been undertaken by ROSC on a quarterly basis, in accordance with the Annual Planner.

#### No exceptions noted.

We obtained and inspected meeting minutes to confirm that proposals for new risks and changes to identified risks are presented to the Trustee Board for approval.

#### No exceptions noted.

Through observation and inspection, we confirmed that a risk owner is assigned to all risks in the risk register.

#### No exceptions noted.

## 4. Control objectives and control activities

### 20. The Trustee Board monitors and reviews IT systems.

In accordance with the Annual Planner, each year the Trustee undertakes a review of key IT systems and control procedures, including the core areas addressed below.

A working group from ROSC meets with key personnel from Capita's operations team to discuss key IT systems and operations processes. The agenda for this meeting is agreed at a ROSC in advance of this meeting with Capita, in accordance with its Annual Planner.

#### Monitoring, maintenance and changes

A key part of Atlas' strategy is to leverage CEBL's continual development programme for its wider TPA clients – this is an integral part of Atlas' scalability strategy. Atlas' relationship with CEBL is as client and Service Provider – it is not an 'in-house' relationship.

Consequently, Atlas does not finance IT change programmes (except, potentially, in any such circumstances where it is specifically requested by Atlas for its own purposes). Regulatory and legislative change programmes are inbuilt to Atlas' contractual relationship with CEBL as noted in the clarifying amendment to clause 16.6 of the Framework Agreement (the contract) between the Atlas Trustee and CEBL.

Therefore, Atlas' Business Plan does not include a budget for IT change programmes.

The two key policies relating to maintaining, upgrading and replacing hardware and software are CEBL's IT Change Management Process and CEBL's IT Release and Deployment Management Process, attached as evidence.

CEBL is accredited with ISO 9001. This is an international standard which sets out the criteria for a quality management system (QMS). This standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. As such, Capita's own QMS is built using the principles set out in this standard.

CEBL is accredited with ISO 20000. This is an international standard that describes the requirements for an information technology service management (ITSM) system. ITSM is a general term that describes a strategic approach to design, deliver, manage and improve the way businesses use information technology (IT).

CEBL is accredited with ISO 27000. This is an international standard that helps organizations keep data/information secure. Using this family of standards will help's us to manage the security of assets such as financial information, intellectual property, employee details or information entrusted to you by third parties. ISO 27001 is the best-known standard providing requirements for an information security management system (ISMS). An ISMS is a systematic approach to managing sensitive company information so that it remains secure. It includes people, processes and IT systems by applying a risk management process.

These external accreditations are monitored through the annual review of the Capita AAF reports which is included in the Annual Planner of both the Board and Risk & Operations Sub Committee.

#### Cyber Security

Atlas' Cyber Footprint is concentrated primarily in its appointed administrator, CEBL, and to a lesser degree in its Platform Manager.

The Platform Manager is considered to represent a low risk since it holds no data at the member level – its records relate solely to units held by Atlas. These units are reconciled by CEBL at the scheme, section and member level so that in the event of any disruption, records can be re-established. There is also no mechanism for disinvestments from the platform that is not directed by CEBL, nor is there a mechanism to pay disinvested units to a third party – all proceeds from disinvestments are contractually obliged to be paid to CEBL.

The Trustee reviews cyber security defence strategies regularly with both CEBL and the Platform Manager.

Reports from each organisation are reviewed by the Risk & Operations Sub Committee annually, in accordance with its Annual Planner. The Trustee may also schedule occasional meetings with appropriate senior management and/or staff from within the Information Security teams of both organisations.

CEBL's policy is mapped to PCI DSS and ISO 27001 standards, evidenced below.

## 4. Control objectives and control activities

Security controls at Data Centres and administration delivery locations are assessed against the ISO 27001 standard on an annual basis. All servers receive annual vulnerability assessments using auto-assessment tools and ad hoc vulnerability assessments are also conducted throughout the year.

Annual penetration tests are performed against external facing systems and frequent client penetration testing is also conducted, covering all aspects of penetration (e.g. networks, scanning, etc.).

All ingress points are protected by multi-vendor, multi-tiered firewalls as mandated by Capita Policy. Section 2.10 of the Capita Security Standard, evidenced below, includes more information on firewalls, along with IT Landscape diagrams and Firewall Deployments also evidenced below.

All machines are covered by Capita corporate antivirus solutions. McAfee VirusScan Enterprise and AntiSpyWare Enterprise software are installed on all machines and used in conjunction with McAfee ePolicy Orchestrator (McAfee ePO) centralised security management software. McAfee ePO is managed centrally by Capita IT Enterprise Services (ITES), our sister company within the Capita group. The latest patches are applied and reports are produced on a daily basis to ensure that all machines are running the latest software version. Both InfoSec and the National IT Infrastructure Manager receive alerts. The incident would then be dealt with by the relevant local IT Support teams, which includes a thorough investigation in conjunction with our security team.

We have deployed LANDesk for desktop patching and patch testing. The Tivoli management system has also been deployed across the server estate at Data Centres for performance monitoring.

For operating systems, firewalls, IDPS devices and networks, events are reported by the Security Information and Event Management (SIEM) process that raises tickets in an Amdocs solution monitored by the ITES InfoSec Team.

Priority 1 (P1) events generate automatic alerts to be actioned immediately by the 24/7 Data Centre Operations team. Application events are logged and reviewed monthly by our information security management team.

To ensure that data and files are not stored locally on user hard drives, a lockdown profile is applied to prevent users from saving files directly onto the root of their local drive. Files are instead 'redirected' to a desktop folder on a server.

All Capita laptops are subject to mandatory full-disk encryption using McAfee Drive Encryption which is certified for FIPS 140-2, Common Criteria EAL2+, and Intel Advanced Encryption Standard–New Instructions (AES–NI).

Removable devices (such as a flash drive, CD-ROM, portable storage device, etc.) are not used for storing operational customer data locally; such as database files, records of client information or log-in details for systems. Capita approved removable media devices are used to transfer data internally and externally. Only authorised users can write to removable media. All users have to recertify annually that their access is still required. Client and Capita Group approval is needed to transfer data.

To limit CEBL exposure to data leakage, Capita utilise Sanctuary device control for managing access to removable devices such as DVDs, CDs, USB flash drives and external hard drives.

The software suite uses AES 256 bit encryption that is FIPS 140-2 Level 2 compliant (includes physical tamper-evidence and role-based authentication requirements) that allows CEBL to enforce the use of encryption on all removable media devices. Access is controlled using AD group membership and follows a defined process which requires approval from Capita Insurance and Benefits Divisional Security and Group Security (if requests involve IL3 data).

Device control has been configured such that access to Wi-Fi cards is denied when laptops are connected to the corporate network.

From a development perspective, no activities are undertaken using live data. Production data is not used for testing without explicit permission from the company to whom the data belongs. Capita safeguards all production data used in test systems by mandating the need to be recorded and reported to our Information Security teams to ensure this is not a standard practice. Data for test systems is always anonymised to prevent leakage.

The Capita Information Security Team subscribes to third party monitoring and alerting of vulnerabilities and new threats. Furthermore, Capita is a member of the Government Service Providers Forum (SPF) which also issues alerts, and subscribes to manufacturer alerting systems.

Our Information Security Team frequently communicates with peers across Capita to discuss and assess threats and vulnerabilities.

## 4. Control objectives and control activities

Access to or use of private email, social media web sites or external instant messengers from Capita networks is prohibited.

### Physical and Logical access

CEBL's control environment for managing physical and logical access is included in the Capita AAF reports which is reviewed annually by the Risk & Operations Sub Committee in accordance with its Annual Planner.

### Disaster Recovery

In accordance with Clause 11.1 of the Framework Agreement, CEBL to maintain a Business Continuity Plan and has an established Business Continuity Management System that is certified to ISO22301. Critical systems are hosted out of the Capita Data Centre at West Malling and have Hot Disaster Recovery links to a secondary Data Centre at Laindon. Network drives and other non-critical infrastructure is backed up daily by tape and taken offsite.

All Business Continuity Plans are reviewed bi-annually and tested at least once each year. The Trustee is satisfied that more frequent testing will not provide any better assurance. The business recovery solution for the Atlas administration team is set up to Sungard Availability Services at their Elland site. The most recent Work Area Recovery (WAR) exercise for the Sheffield office took place in October 2018. The next is scheduled in 2018.

For the HartLink application, CEBL outsources its infrastructure to Capita IT Services. There is an agreement in place with Capita IT Services which covers, inter alia, the following main areas:

- Disaster recovery.
- Identification, escalation and resolution of attempted and successful intrusions or attacks.
- Physical access and monitoring of the site.
- All data systems are backed up on a daily basis.
- All backed up data is also replicated on a continual basis to the separate disaster recovery site.
- Environmental controls and processes.

The Atlas Trustee receives and reviews a copy of the BCR each year, in accordance with its Business Plan.

If any issues of concern are identified through the annual reviews of the Cyber Security and BCR reports, the Trustee requests the attendance of the relevant Capita personnel to attend a ROSC or Trustee meeting to discuss the issues and any remediation plans necessary.

## 4. Control objectives and control activities

### Control procedures:

In accordance with the Annual Planner the Trustee undertakes a review of key IT control procedures via a scheduled review of Capita's AAF Reports and through reviews of specific reports from Capita relating to Business Continuity and Disaster Recovery processes and Cyber Penetration tests and reports which are scheduled in the Annual Planner.

Note - the Capita AAF Reports include Capita's controls around:

- Physical and logical access
- Data security and back up
- Change management environment
- Cyber security
- Disaster recovery

Where exceptions are identified in Capita's AAF Reports, the ROSC is responsible for investigating any that may impact on Atlas and report findings to the Trustee to agree next steps.

Where there are any timing differences between the date of receiving the latest Capita AAF reports and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

Atlas' Administration Reports reviewed at each quarterly Trustee and ROSC meetings include a section on future IT and process changes planned by Capita. These enable the Trustee to identify any risks or issues and/or notifiable events.

In accordance with the Annual Planner, each year the Trustee undertakes a review of key IT systems and control procedures reviewed by ROSC, including:

- Physical and logical access
- Data security and back up
- Change management environment
- Cyber security
- Disaster recovery

### Control activities:

The agenda for the meeting with Capita is agreed at a ROSC meeting in accordance with its Annual Planner.

Note – this agenda is agreed for all relevant areas reviewed by ROSC (at Capita) and applies to all related control activities where this review of key IT systems and control procedures with Capita is undertaken.

### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF Reports have been undertaken by the Trustee in accordance with the Annual Planner.

**No exceptions noted.**

We obtained and inspected meeting minutes, to confirm that the ROSC investigated any Capita AAF report exceptions with Capita and reported the findings to the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and through enquiry and inspection confirmed that it has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected a sample of Administration Reports to confirm that they include a section on future IT and process changes planned by Capita.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key IT control procedures relevant to:

- Physical and logical access
- Data security and back up
- Change management environment
- Cyber security
- Disaster recovery

**No exceptions noted.**

## 4. Control objectives and control activities

### Test description:

We obtained and inspected meeting minutes to confirm that the review of key IT control procedures performed by the ROSC has been reviewed by the Trustee.

### No exceptions noted.

We obtained an inspected meeting minutes to confirm that the agenda for the review of control procedures with Capita has been agreed.

### No exceptions noted.

## 4. Control objectives and control activities

### 21. The capacity to take on new business is assessed, approved and regularly monitored by the Trustee Board.

Atlas targets its new business acquisitions and is therefore able to plan new business activity, including both the data requirements and investment related transitions, on a scheme by scheme basis which ensures that new business capacity and resource is available.

Capita regularly reviews the capacity of its administration and web engagement systems.

As part of their adherence to their ISO2000 accreditation, Capita are required to ensure that they have a current Capacity Management Process and a current Capacity Plan. Both of these items form part of the ISO2000 collateral and are audited regularly by BSI.

Each year, the Trustee also reviews separately key control procedures relevant to the management of capacity risk.

There is a standing agenda item (New Business Pipeline) at which Capita provides the Trustee with a list of new business pipeline, which enables the Trustee to establish and monitor Capita's ability to implement the pending new business or identify any implementation risks.

Capita's control environment for accepting clients is described in the Capita AAF reports. Controls include the production of Client Initiation Documents, which are completed by a project manager before review, and signed off by an Authorised Person (someone with the seniority and requisite knowledge and experience to perform the task) within the Implementation Team, and approving and checking of all lifestyle matrices.

The Capita AAF reports are reviewed by the Trustee, in accordance with the Annual Planner, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to new business take-ons.

#### Control activities:

In accordance with the Annual Planner, each year the Trustee reviews Capita's key control procedures relevant to the management of capacity risk as part of its review of Capita's AAF Reports.

Where there are any timing differences between the date of receiving the latest Capita AAF reports and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

New business take on capacity is a standing agenda item at Trustee meetings. In accordance with the Annual Planner, there is a quarterly agenda item (New Business Pipeline) at which the Atlas Executive provides the Trustee with a list of new business pipeline, which enables the Trustee to establish and monitor Capita's ability to implement the pending new business or identify any implementation risks.

In accordance with the Annual Planner, each year the Trustee undertakes a review of key IT systems and control procedures reviewed by ROSC.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF report has been undertaken by the Trustee.

### No exceptions noted.

We obtained and inspected the bridging letter and through enquiry and inspection confirmed that it has been reviewed by the Trustee.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that there is a standing agenda item, New Business Pipeline, and the Atlas Executive has provided the Trustee with a list of new business.

### No exceptions noted.

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key IT control procedures relevant new business capacity.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that the agenda for the review of control procedures with Capita has been agreed.

### No exceptions noted.



## 4. Control objectives and control activities

- 22. Signed administration agreements are in place with service providers and include provisions for the rectification of maladministration. The agreements are approved by the Trustee Board**

The Trustee has a Framework Agreement with Capita Pension Solutions Limited, the appointed Administrator. This is reviewed quinquennially or sooner as required. It includes provision for administration error rectification, including a £20m liability clause.

### Control activities:

A signed Framework Agreement (service contract) is in place which includes provisions for rectifying maladministration and liability clauses. It includes a liability clause for rectifying maladministration and member remediation where necessary.

In accordance with the Annual Planner, quinquennial reviews of the Framework Agreement are undertaken. Revisions (or proposal to extend the extant Framework Agreement) are approved by the Trustee and recorded in the Trustee Minutes.

### Test description:

We obtained and **inspected** the signed Framework Agreement to confirm that it includes provisions for rectifying maladministration and liability clauses.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that quinquennial reviews of the Framework Agreement are scheduled.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that quinquennial reviews of the Framework Agreement has been undertaken.

**No exceptions noted.**

## 4. Control objectives and control activities

23. The Trustee Board has arrangements in place for ensuring that core financial transactions (including decumulation related transactions) are processed promptly.

Service Level Agreements are set out in the Framework Agreement between the Atlas Trustee and Capita Pension Solutions Limited.

Administration Reports are produced quarterly and reviewed at each scheduled meeting of the Board and of the Risk & Operations Sub Committee. These include performance against Service Level Agreements embracing all core financial transactions including contribution receipts and investment, and benefit payments. More regular updates are also provided to Atlas' Head of Operations.

### Control activities:

The Trustee monitors the processing of core financial transactions on a quarterly basis in accordance with the Annual Planner.

Performance against Service levels is included in Administration Reports which are reviewed on a quarterly basis.

Service levels are reviewed periodically and are included in the quinquennial review of the Framework Agreement between the Trustee and Capita.

### Test description:

We obtained and inspected meeting minutes to confirm that Administration Reports, covering the processing of core financial transactions, have been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected a sample of Administration Reports to confirm they include performance against service levels.

**No exception noted.**

We obtained and inspected the Framework Agreement to confirm that service levels are included.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that service levels are included in the quinquennial review of the Framework Agreement between the Trustee and Capita.

**No exceptions noted.**

## 4. Control objectives and control activities

### 24. The Trustee Board has arrangements in place for ensuring that core financial transactions (including decumulation related transactions) are processed accurately and that payments are authorised and suitably controlled.

The processing of core financial transactions is managed and undertaken by Capita and is operated via a straight through automated process. This includes a daily unit reconciliation with the Platform Manager.

Each quarter, the Trustee receives and reviews an Administration Report, which includes a financial Reconciliation Report and performance against SLAs as set out in the Framework Agreement.

Reconciliations are a control within Capita's annual report. Capita's AAF reports provide further assurances to the Trustee on the design and operational effectiveness of administration and IT controls procedures operated by Capita, such as:

#### DC Unit Reconciliation

Capita has developed a DC Reconciliation Report which ensures that an overall reconciliation of all units and financial transactions is completed on a monthly basis.

All holdings and transactions are reconciled within the monthly DC reconciliation process against transactions recorded by the investment manager as part of each monthly cycle.

A reconciliation, between the units allocated to members, the scheme unallocated account (on the pensions administration system) and the units allocated in total with the investment manager (contract notes) is performed at intervals agreed with clients either by the reconciliations team or accounts team.

Any anomalies regarding unit transactions are highlighted for further investigation and resolution. As a further quality assurance check, transactions are reconciled against those recorded by Scottish Widows as part of the monthly DC reconciliation procedure carried out by Capita's specialist DC Reconciliations Team, who work independently of the day-to-day Member Services Team.

#### Membership movements

A reconciliation of movements in membership is completed by an Administrator in accordance with the Monthly Employer Responsibilities process. The reconciliation ensures all new joiners and leavers along with any changes required are captured and recorded on the system. These are then reviewed and approved by an Authorised person within the Operations team. Evidence is retained on file or within the administration system. These monthly reconciliations are consolidated and included in the quarterly Administration Reports.

#### Benefits payments

All incoming work, including transfers in and out and retirement payments, are logged onto the pension administration system on a daily basis and reflects the time remaining to complete each item of casework.

SLA performance over benefit payments is reviewed by pensions operations managers and reported to the Trustee Directors on a monthly basis.

Payments are sent from operations to be processed centrally from finance. Members of the finance treasury team check that the instruction has been authorised by a member of the operations department before making the payment. The check is carried out by comparing the signature with the authorised signatory first.

#### Investment transactions

All investment transactions are transferred between the administration platform and the Investment Platform via 'Straight Through Processing' ('STP'), meaning they are fully reconciled at the point of transaction.

Unallocated balances are reviewed and investigated. The results of the reconciliation are reported to the Trustee.

Each reconciliation is signed by an administrator as evidence of completion. The resulting reconciliation is distributed to senior management via email, who review which schemes have variances at the month end.

Member requested switches are processed on written request or via a secure online request process. An administrator reviews the member request, updates the system and refers the request to a senior administrator for authorisation (dependent on the value of the switch). A written confirmation of the change is sent to the member.

## 4. Control objectives and control activities

Members' investment choices are updated on the pensions administration system either by the automation of the switching or by an authorised person within operations and are subsequently authorised on the pensions administration system by a senior authorised person within operations. A record of the audit trail is either retained on the system or hard copy documents are retained showing who performed the review.

### Contributions

Capita's control environment is designed to ensure that contributions and transfers of members' funds between investment options are processed accurately and in a timely manner. Contribution Schedules are reviewed and approved by an authorised person prior to sending to the investment manager.

Contributions received are reviewed, reconciled monthly against a Contribution Schedule and approved by an Authorised Person prior to sending to the Investment Manager. Management Information is collated monthly and included in quarterly reports to the Trustee.

Confirmation is received from the Investment Manager and compared to the investment instruction that was sent. Any variances are reviewed by an Authorised Person and reconciled by clarification with the Investment Manager and clients.

A contract note is received from the investment manager and compared to the investment instruction that was sent. Any variances are reviewed by an authorised person and appropriate action is taken.

The Trustee has an agreed Contributions Process (which was submitted to TPR as part of the authorisation process) produced by the Atlas operations team. This includes a description of the reconciliation process. The Contribution Process is reviewed annually (from 2021) via ROSC in accordance with its Annual Planner.

This explains an additional reconciliation process, intended to ensure that all members expected to receive a contribution do receive one, as follows:

- *As part of ongoing contributions monitoring the Operations team carry out quarterly reconciliations to establish that they are receiving contributions for all of the active members held on the system.*
- *The Operations team produces a series of reports and analyse the data to establish they are receiving contributions for all active members, any members still held at active status for which we have not received a contribution for a*

*number of months are flagged with the employer, which may be due to no/late notification of a leaver.*

- *This process is also repeated as part of the Year End review and ensures that all data is complete and correct prior to the production of the Annual Benefit Statements.*

### Recording in the proper period

Capita's control environment is designed to ensure that contributions and benefit payments are completely and accurately recorded in the proper period. For example:

Reconciliation is performed by an authorised person on a monthly basis by comparing the monies received against a contribution schedule received from the relevant employer.

The reconciliation of movements in membership is completed by an administrator in accordance with scheme particulars and is reviewed by a senior authorised person within operations.

Bank reconciliations are completed on a monthly basis by an authorised person who reconciles all bank payments and receipts to ensure that all contributions and other receipts from the bank statement are posted to the nominal ledger. The bank reconciliation is reviewed for accuracy and signed by a fund accountant.

Reconciliations of investment transactions and journals are completed by the fund accountant responsible for that scheme and are reviewed for completeness and accuracy by a fund accounting manager as part of the annual accounts preparation procedure.

This report is reviewed by the Trustee, in accordance with the Annual Planner, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to the timeliness of transaction procedures and maintenance of complete and accurate financial records.

## 4. Control objectives and control activities

### Control activities:

In accordance with the Annual Planner, on a quarterly basis the Trustee reviews an Administration Report which includes a financial reconciliation of contributions received and bank accounts.

The Trustee has an agreed Contributions Process, produced by the Atlas operations team, which includes a description of the straight through processing used by Atlas, including how unit reconciliations occur in real time.

The Contribution Process is reviewed annually (from 2021) by ROSC in accordance with the Annual Planner.

In accordance with the Annual Planner, ROSC reviews Capita's AAF Reports describing its relevant control procedures, including processes around bank accounts and unit reconciliations.

Where there are any timing differences between the date of receiving the latest Capita AAF reports and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

Each quarterly Administration Report includes a section on proposed IT or process changes by Capita. These enable the Trustee to identify any risks or issues and/or notifiable events.

### Test description:

We obtained and inspected a sample of Administration Reports to confirm they include a financial reconciliation of contributions received and bank accounts.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that a review of quarterly Administration Reports have been undertaken by the Trustee in accordance with the Annual Planner.

**No exceptions noted.**

We obtained and inspected the Contribution Process to confirm it addresses procedures relating to the unit reconciliation process and the Annual Planner to confirm that a review of the Contributions Process has been scheduled for 2021.

**No exceptions noted.**

We obtained and inspected the Capita AAF reports to confirm that it addresses processes around bank accounts and unit reconciliations.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF reports has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected a sample of Administration Reports to confirm that they include a section on future IT and process changes planned by Capita.

**No exceptions noted.**

## 4. Control objectives and control activities

### 25. The Trustee Board ensures that member retirement options selected are processed and managed in accordance with documented procedures.

The Trustee has an approved Drawdown Process produced by the Atlas operations team. This includes a description of the operational procedures following a drawdown request. The Drawdown Process is reviewed annually (from 2022) via a Risk & Operations Sub Committee working group.

Members' booklets contain high-level information about members' retirement options.

Personalised member information is provided via retirement 'wake up' packs. The Operations Team actively manages members approaching retirement age. Workflow items are created once a member is within 6 months of their Target Retirement Age, and manual reports can be produced in addition to aid resource planning. At retirement, members have a choice of taking an income in the form of drawdown (including Uncrystallised Funds Pension Lump Sum and Flexi-Access Drawdown options), transferring to another pension scheme or purchasing an annuity from an external annuity provider.

These options are described in the wake-up packs usually issued 6 months before each members' Target Retirement Age, or on earlier request. Capita's technical team provides technical input into the required content of the wake-up retirement packs and are also responsible for making any updates. The packs are drafted to ensure they are compliant with the Pensions Regulator's guidance on communicating with members about pension flexibilities and the Disclosure of Information Regulations 2013, as amended. Reference to PensionsWise is included.

The wake-up packs are reviewed internally within the Capita Pension Solutions technical team.

The approved wake-up packs are issued to the operations area and hosted on the intranet pages for reference. The Trustee has access to this site. The Administration team management is responsible for ensuring that the team is using compliant packs, and for implementing any updates to them.

Work Quality measurements are also included in the quarterly Stewardship Reports included in each Board Pack. This analysis enables the Trustee to monitor the accuracy of retirement pack production.

Wake Up Packs are reviewed annually by the Engagement Sub Committee, in accordance with its Annual Planner, or sooner if it is believed to be necessary to do so.

The Trustee can monitor complaints about the retirement process direct from members via the complaints MI reviewed by the ROSC at each quarterly meeting, in accordance with its Annual Planner. The Discretions and Appeals Sub Committee also has a remit to review IDRPs complaints and undertake such root cause analysis as is necessary, including persistent or systemic complaints around the retirement process.

#### Control activities:

The Trustee has an approved Drawdown Process, produced by the Atlas operations team which includes a description of the operational procedures following a drawdown request.

The Drawdown Process is reviewed annually (from 2022) by the ROSC.

Service levels relating to retirement options are reviewed periodically and included in the quinquennial review of the Framework Agreement between the Trustee and Capita.

In accordance with the Annual Planner, the Trustee monitors core financial transactions including retirement processing, on a quarterly basis in accordance with the Board and ROSC Annual Planners.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected the Drawdown Process and confirmed that it includes a description of operational procedures following a drawdown request.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that a review of the Drawdown Process has been undertaken by the ROSC in accordance with the Annual Planner.

Note: The Drawdown Process will be scheduled for annual reviews from 2022 onwards by ROSC. We have however obtained confirmation that the Drawdown Process was reviewed by a Trustee during this reporting period.

### No exceptions noted.

We obtained and inspected the Framework Agreement to confirm that service levels in relation to retirement options are included.

### No exceptions noted.

We obtained and inspected quarterly Administration Reports to confirm that service levels in relation to issuing retirement packs and retirement benefit payments are included.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that Administration Reports have been reviewed by the Trustee and include retirement processing.

### No exceptions noted.

## 4. Control objectives and control activities

### 26. Trustee Board ensures that transaction errors are identified and rectified in accordance with a documented procedure.

Complaints from members, including any alleged transaction errors, are recorded in the quarterly Administration Reports from Capita which are reviewed at each ROSC and Trustee meeting.

This includes a description of the circumstances giving rise to complaints. ROSC's annual planner includes an agenda item (Undertake Root Cause Analysis (RCA) as necessary and refer to DASC as appropriate) at each quarterly meeting. This enables ROSC and the Board to identify any wider issues that have not yet been identified by the affected members.

Complaints are sub-categorised between administration complaints and complaints which have arisen due to Trustee decisions, actions or inactions. Complaints handling related to Trustee matters are dealt with via the Trustee's Internal Dispute Resolution Policy (IDRP). Complaints that reach that stage are therefore known to the Trustee, directly or via the Discretionary and Appeals Sub-Committee.

Complaints that relate to administration matters are dealt with in the first instance by Capita's Complaints Resolution Team (CRT), a specialised team which investigates, resolves and (as appropriate) remediates members for errors which are caused by Capita's administration. If a member remains dissatisfied, they are directed to use the Trustee's IDRP. All such complaints are reported in Administration Reports, which are viewed by ROSC and by the Trustee each quarter.

Capita's controls environment for error rectification and fair treatment of members is described in its Assurance Report on internal controls which provides reasonable assurance to the Trustee. For example:

Each complaint is logged on an electronic register or spreadsheet with a unique reference number.

Service Level Agreements exist for dealing with complaints.

This report is reviewed by the Trustee, in accordance with the Annual Planner, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to cash handling safeguards.

The quarterly Administration Report identifies core transactions which are processed out of SLA. This enables the Trustee to oversee a Profit and Loss calculation to identify any remedial action necessary to return members to a fiscally neutral position.

In the event of any employer E&O, the Trust Deed & Rules allows the Trustee to reclaim the cost of rework from the employer.

The Framework Agreement between the Trustee and Capita includes an indemnity from Capita in respect of its Errors and Omissions, the limit of which is agreed by the Trustee and kept under periodic review.



## 4. Control objectives and control activities

### Control activities:

The Trustee has an approved rectification process adopted where it is necessary to reconcile and correct unit purchases (this is addressed in the Contribution Process).

Root cause analysis of complaints is undertaken by ROSC at each quarterly meeting, in accordance with its Annual Planner.

In accordance with the Annual Planner, the Trustee reviews the Capita AAF report as part of the review of performance of controls around identifying and rectifying transaction errors.

Where there are any timing differences between the date of receiving the latest Capita AAF report and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Annual Planner, at each quarterly meeting the ROSC reviews Capita's Administration Report which includes SLA performance and notice of any administration errors. This includes details of complaints including any that are attributable to transaction errors (narrative includes any remediation activity).

Where administration errors are identified, a rectification plan is agreed by ROSC.

ROSC provides a report of key issues, including those that result in transaction errors, for review at the subsequent Board meeting.

### Test description:

We obtained and inspected the Contribution Process to confirm it addresses the unit error rectification procedures.

**No exceptions noted.**

We obtained and inspected quarterly meeting minutes to confirm that root cause analysis is undertaken by ROSC.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF reports has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected a sample of Administration Reports to confirm that they include administration errors and meeting minutes to confirm that the Administration Reports have been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected the rectification plan for administration errors that have been identified in Administration Reports and confirmed that they have been agreed by ROSC.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that transaction errors have been reported to the Trustee in the report prepared by ROSC.

**No exceptions noted.**

## 4. Control objectives and control activities

### 27. The Trustee Board ensures that late and inaccurate contributions are pursued and resolved in accordance with documented procedures. Late contributions are reported to the trustees.

The Atlas administration team has a Contributions Process that includes details of contribution processing including the processes to be followed if contributions are received late.

This describes the processes followed by the Operations team in order to validate and apply contributions to members records.

All contributions received into the Trustee bank account from the individual Atlas client payrolls are logged by the operations team on the Employer Responsibilities Checklist and the Participating Employers Monthly Contribution Monitoring report, which includes details of when payments are received in to the scheme bank account and the date of receipt of the contribution schedule by the Operations team. This information is relayed and detailed within the quarterly administration reports for the Trustee.

This information is detailed so the Operations team and Trustee can monitor the contributions, and ensure they are processed in line with statutory requirements, scheme deadlines and agreed payment schedules.

The Participating Employers are contacted if the contribution payment is not received a week prior to the statutory deadline, 22nd of the following month confirming the legislative implications and the requirement to report to the Pensions Regulator via the Client Relationship Manager and the Head of Atlas Operations.

This information is relayed and detailed within the quarterly administration reports for the Trustee.

Because the risk of contribution breaches is highest when new schemes are implemented, as new Participating Employers join Atlas, the Operations team will, for the first three month after inception, provide evidence to the Head of

Atlas Operations, detailing when contribution schedules and funds are received and when they are invested. This process may continue if there are issues with any particular participant. The Operations team also provide the Head of Atlas Operations with monthly Management Information detailing when all the contributions are received and invested for all employers in the scheme.

The process is reviewed periodically in line with any new or changed process or change in regulation.

Payment schedules are in place with each participating employer to document contribution payment due dates each month.

Capita actively monitors the payment of expected contributions against these schedules and will contact the Payroll department of the participant where any contribution payments are overdue.

A Late and Non-Payments Report is produced every month when all payments received up to and including the relevant day of the month have been processed and reviewed. This report verifies the receipt and timing of contribution receipts; contribution monitoring is then maintained locally by the Atlas operations team. Any late payments are reported to Atlas' Head of Operations the Trustee in quarterly Administration Reports.

Capita's Scheme Finances department has a section within its accounting system (acclink) which controls contribution receipts. Each contribution source due is set up under its own schedule and upon receipt of contributions amounts are entered via the schedule to join the cashbook. This is then checked to the bank and must be matched in value and date entirely to allow reconciliation. This check automatically takes place daily as part of CASS reporting (CASS reporting is a regulatory obligation imposed on Capita by the Financial Conduct Authority).

When entering contributions, Capita also checks against a tolerance to identify underpayments. A report is run from a central database which checks the dates all amounts of contributions are received and reports non-payment and late payments. A letter to the participating employer would be automatically generated.

## 4. Control objectives and control activities

The Hartlink administration system can hold various items of data that are used to calculate the expected level of contributions each month at a member level. These include Pensionable Salary and contribution percentage, which can be updated as necessary by each participating employer's payroll system. Anomalies can therefore be flagged for resolution directly with employers.

Capita's control environment for monitoring contributions (which is reflected in the Contributions Process) is described in the Capita AAF report<sup>5</sup> which provides reasonable assurance to the Trustee. For example:

- On a monthly basis, either the fund accounting manager or the client manager monitors non-payment or late payments.
- All late and non-payments would be reported to the Trustee and participating employer.
- Variances in monthly contributions above a set limit, non-payments and late payments are investigated by the finance manager for the scheme.

Capita's AAF reports are reviewed by the Trustee, in accordance with the Annual Planner, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to managing the collection of contributions.

In accordance with the Annual Planner, the Trustee undertakes a review of key IT systems and control procedures. Each year in Q3, a working group from the ROSC meets with key personnel from Capita's operations team to discuss key IT systems and operations processes. The agenda is agreed by the ROSC at its Q2 meeting, in accordance with its Annual Planner and includes a standing agenda item for discussion, "Late and inaccurate contributions are pursued and resolved".

### Control procedures:

Capita has a Contributions Process which includes the process for identification and pursuit of late and inaccurate contributions. The policy is reviewed annually by ROSC in accordance with the Annual Planner. The Atlas Executive and/or ROSC oversee any proposed changes to the Contributions Process.

Payment schedules are in place with each participating employer to document contribution payment due dates each month.

All contribution receipts, late and outstanding contributions are recorded in the quarterly Administration Reports reviewed by the Risk & Operations Sub Committee and Trustee Board at scheduled meetings.

Late payments are reported to Atlas' Head of Operations to assist early resolution.

In accordance with the Annual Planner, the Trustee reviews the Capita AAF reports as part of the review of performance of Capita's controls for identifying, pursuing and resolving late contributions.

Where there are any timing differences between the date of receiving the latest Capita AAF reports and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Annual Planner, each year the Trustee undertakes a review of key IT systems and control procedures reviewed by ROSC.

The Trustee has an Employer Insolvency Policy which describes the action that would be taken in the event that an employer became insolvent with outstanding contributions due. The policy is reviewed annually, in accordance with the Annual Planner.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected the Contributions Process to confirm in place and meeting minutes to confirm that the Contributions Process has been reviewed by the Trustee in accordance with the Annual Planner.

Note: As noted within control objective 24, the Contribution Process will be reviewed from 2021 onwards.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that changes to the Contributions Process have been overseen by the Atlas Executive/ROSC.

**No exceptions noted.**

We obtained and inspected a sample of payment schedules put in place with each participating employer to confirm in place.

**No exceptions noted.**

We obtained and inspected a sample of Administration Reports to confirm they include contribution receipts, late and outstanding contributions.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that quarterly reviews of the Administration Report has been undertaken by the Trustee.

**No exceptions noted.**

Through enquiry and observation, we confirmed that late payments are reported to the Head of Operations for resolution.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF reports has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key IT control procedures relevant to the resolution of late and inaccurate contributions.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the review of key control procedures has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the agenda for the review of control procedures with Capita has been agreed.

**No exceptions noted.**

### Test description:

We obtained and inspected the Employer Insolvency Policy to confirm in place and meeting minutes to confirm that the Employer Insolvency Policy has been reviewed by the Trustee in accordance with the Annual Planner.

**No exceptions noted.**

## 4. Control objectives and control activities

### 28. The Trustee Board ensures that contributions are invested and allocated in accordance with member instructions or the requirements of the default arrangement.

The Atlas administration team has a Contributions Process that includes details of contribution processing and also describes the straight through processing investment procedure adopted once the employer contributions have been reconciled, including investment allocation.

The process is reviewed annually by the ROSC.

The Trustee has Service Level Agreements with Capita to ensure that contributions are invested promptly following receipt.

The use of Straight-Through Processing (STP) ensures that investment instructions, including the correct allocations of monies to the correct funds, can be transmitted to the investment platform without any undue delay or potential for manual error once each contribution schedule has been checked and reconciled.

The Administration Report reviewed at each quarterly meeting enables the Trustee to monitor that contributions are invested in accordance with regulatory requirements and to challenge Capita in the event that investment has occurred outside the expected timeframe.

Capita's AAF report details the methods Capita uses to run its business and control its risks including safeguarding member assets, data security and prompt and accurate procedures for financial transactions.

This report is reviewed annually by the Trustee, in accordance with the Annual Planner, as part of their oversight of standards of administration governance and service performance. As part of this annual exercise, the Trustee also reviews separately key control procedures relevant to the accurate allocation of contributions to investment funds. In accordance with the Annual Planner, the Trustee undertakes a review of key IT systems and control procedures. Each year in Q3, a working group from the ROSC meets with key personnel from Capita's operations team to discuss key IT systems and operations processes. The agenda is agreed by the ROSC at its Q2 meeting, in accordance with its Annual Planner and includes a standing agenda item for discussion.

"Contributions are invested in accordance with member instructions or the default policy".

As part of each investment cycle, Capita's systems ensure that all contributions forwarded to the investment platform manager are equal to the values set out on the contributions schedule and ensure that all units allocated by them are reconciled to the pensions administration system.

In addition, the pensions administration system is configured to predict the expected contribution per member, with any differences recorded for investigation and resolution.

A comparison of units held on the administration database (including any unallocated funds), against those recorded with the investment managers, is provided to the Trustee in each quarterly Administration Report.

## 4. Control objectives and control activities

### Control activities:

Capita has a Contributions Process which is reviewed annually (from 2021 onwards) and includes details of contribution processing and the straight through processing investment procedure adopted once the employer contributions have been reconciled, including investment allocation.

ROSC reviews the Contributions Process annually (from 2021) in accordance with the Annual Planner.

In accordance with the Annual Planner, each year the Trustee undertakes a review of key IT systems and control procedures reviewed by ROSC.

Contribution receipts and investment are subject to SLAs reviewed by the ROSC at each quarterly meeting. Any proposed changes to supporting processes and/or IT infrastructure are required to be notified in advance so that the Trustee can monitor transition.

In accordance with the Annual Planner, the Trustee reviews the Capita AAF reports as part of the review of performance of administration services provided including accurate investment allocation of contributions, which use straight through processing methodology using Via Nova protocols meaning that allocations are reconciled automatically.

Where there are any timing differences between the date of receiving the latest Capita AAF reports and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

### Test description:

We obtained and inspected the Contributions Process to confirm in place and to confirm that it addresses the straight through processing investment procedure adopted once the employer contributions have been.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that a review in 2021 of the Contributions Process has been scheduled.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that changes to the Contributions Process have been overseen by the Atlas Executive/ROSC.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the allocation of contributions to investment funds.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the review of key control procedures has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected quarterly meeting minutes to confirm that service levels in relation to contribution receipts and investment have been reviewed by the Trustee.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that changes to supporting processes and/or IT infrastructure are notified in advance to the Trustee.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF reports has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the Trustee.

**No exceptions noted.**

## 4. Control objectives and control activities

### 29. The Trustee Board ensures member data is complete and accurate and is subject to regular data evaluation.

On-boarding of new schemes and corresponding member data is based on data provided by new participants.

For all new scheme implementations, the Hartlink system on which the Atlas Master Trust operates validates core data items and identifies data that is missing. For example, dates of birth, National Insurance Numbers and surnames. These can then be resolved by the participating employer or transferring Trustee so that no invalid or missing data is unknowingly accepted. Consequently 'on-boarded' data quality is expected to be at least of satisfactory standard.

Capita provides a Data analysis toolkit that it uses to establish data quality for a number of its clients, for both Common and Scheme Specific data (as defined by the Pensions Regulator).

Each year a check is performed by a specialist data team within CEBL of the Common Data. The Data team will run the required reports and perform a series of tests against all common data areas. Once completed a certificate is provided to the Trustee and a supplementary report detailing the individual data fails is also supplied. The common data areas tested include; Base personal data (Surname, Forename, Title, and DOB), NI Numbers, Service Dates, Address, and Postcode.

Each year a detailed report that reviews Scheme Specific data is produced. Scheme Specific data is a more detailed report that not only captures the common data checks, but also checks for the presence of other expected data such as contribution rates, salary history and contribution history.

The reports are reviewed by ROSC in accordance with its Annual Planner. Action plans are evolved from these reviews and monitored by ROSC on an ongoing basis.

Annual common data checks and scheme specific data reviews are budgeted within Atlas' Business Plan. The Business Plan also includes an allowance for annual goneaway tracing as well as annual data integrity checks based on current ratios of 'fails' extrapolated across the anticipated membership.

#### Control activities:

In accordance with the Annual Planner, the Trustee reviews the Capita AAF reports.

Where there are any timing differences between the date of receiving the latest Capita AAF reports and the date of approving the master trust assurance report, the Trustee requests a bridging letter from Capita to confirm that there have been no detrimental changes to internal control systems and no widespread systemic administration or IT failures in the intervening period.

In accordance with the Annual Planner the Trustee undertakes a review of key control procedures relevant to the maintenance of complete and accurate member data.

Each year an assessment of common and scheme specific data will be undertaken by Capita. The results of these assessments are presented to ROSC and a rectification plan is proposed to the Trustee by ROSC.

On an annual basis CEBL provide the Trustee with a certificate following completion of a check of common data and a supplementary report is provided detailing data failures.

## 4. Control objectives and control activities

### Test description:

We obtained and inspected meeting minutes to confirm that an annual review of the Capita AAF report has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the bridging letter and confirmed that it has been reviewed by the Trustee.

**No exceptions noted.**

We obtained and inspected the review undertaken by the Trustee to confirm that it includes key control procedures relevant to the maintenance of complete and accurate member data.

**No exceptions noted.**

We obtained and inspected the common and scheme specific data reports presented to the Trustee and minutes of meetings to confirm that a review of the results of common and scheme specific data assessments has been undertaken by the Trustee.

**No exceptions noted.**

We obtained and inspected the annual common data certificate provided to the Trustee to confirm in place.

**No exceptions noted.**

Through enquiry and observation, we confirmed that a supplementary report setting out common data failures has been provided to the Trustee for review.

**No exceptions noted.**



## 4. Control objectives and control activities

### 30. The Trustee Board maintains a documented member communications plan which is regularly reviewed.

The Trustee has an Engagement Sub-Committee. This Sub-Committee has responsibility for the Trustee's member engagement strategy.

An Engagement Strategy has also been created which sets out planned engagement activities. The strategy is reviewed at each scheduled ESC meeting.

Each year, the Annual Planner requires the Trustee to review relevant Communications and Operational areas to discuss key control processes and procedures.

#### Control activities:

The Engagement Sub Committee maintains an Engagement Strategy which it monitors on a quarterly basis in accordance with the Annual Planner.

In accordance with the Annual Planner it is reviewed by the Trustee on an annual basis.

#### Test description:

We obtained and inspected the Engagement Strategy to confirm in place and to confirm it sets out a diary of events and a programme of new developments.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Engagement Strategy is reviewed at each ESC meeting.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that a review of the Engagement Strategy has been undertaken by the Trustee in accordance with the Annual Planner.

**No exceptions noted.**

## 4. Control objectives and control activities

### 31. Arrangements are in place for ensuring that the quality and accuracy of member communications are assessed by the Trustee Board.

The Trustee has an Engagement Sub-Committee (ESC). This Sub-Committee has responsibility for the Trustee's member engagement strategy.

ESC's Annual Planner requires a self-assessment of effectiveness and the Trustee's Annual Planner also requires an annual assessment of ESC's effectiveness.

An Engagement Strategy has been created which includes guidance on tone and language to be used. The strategy is subject to an annual review in accordance with the Engagement Sub Committee's Annual Planner.

The Member Booklet, Investment Guides and on-line experience were developed from this plan and are subject to ongoing reviews.

Each year, in accordance with ESC's Annual Planner, two reports are reviewed. The first is on Core Member Communications (comprising Member Booklet, Investment Guide and Benefits Statement) and the second on Retirement Wake Up Packs.

Both the Member Booklet and Investment Guide are reviewed and approved by the Trustee. A sign off protocol exists which includes a second pair of eyes review and the relevant compliance and technical sign-off as appropriate.

Each year, the Annual Planner requires the Engagement Sub-Committee to review relevant Communications and Operational areas to discuss key control processes and procedures.

An annual review of the Communication Plan/Strategy is undertaken in accordance with the Annual Planner.

Within the overall Atlas Engagement Plan, provision is made to review all members facing disclosure communications on or around the end of the tax year. There is also provision outside of this allotted timeframe to introduce changes. A recent example of this is the change of default investment which necessitated wholesale changes to the scheme booklet, investment guide and online portal.

## 4. Control objectives and control activities

### Control activities:

The Trustee (via its Engagement Sub Committee) maintains an Engagement Strategy which sets out a roadmap of planned engagement activities over different time-horizons.

In accordance with the Annual Planner, the Trustee reviews the Engagement Strategy annually.

The Engagement Sub Committee has developed a Principles of Engagement Policy which describes key principles to be adopted when developing relevant engagement collateral. In accordance with the Annual Planner this is reviewed by the Trustee on an annual basis.

A communications sign off protocol exists which includes a peer review and relevant compliance and technical sign-off as appropriate.

In accordance with the Annual Planner, the Trustee reviews communications and operational areas within Capita and control procedures relevant to the accuracy and clarity of member communications.

Timescales for delivering member communications are either written into the Framework Agreement with Capita or built into Capita and/or client systems during implementation (e.g. the provision of Member Booklets and Investment Guides via the on-line portals).

### Test description:

We obtained and inspected the Engagement Strategy to confirm it sets out planned engagements and meeting minutes to confirm that a review of the Engagement Strategy has been undertaken by the Trustees in accordance with the Annual Planner.

**No exceptions noted.**

We obtained and inspected the Annual Planner to confirm that annual reviews of the Engagement Strategy have been scheduled.

**No exceptions noted.**

We obtained and inspected the Principles of Engagement Policy to confirm it describes key principles to be adopted when developing relevant engagement collateral and meeting minutes to confirm that a review of the Principles of Engagement Policy has been reviewed by the Trustee.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that a communications sign-off protocol is maintained which includes a peer review and compliance and technical sign-off.

**No exceptions noted.**

We obtained and inspected meeting minutes to confirm that the Trustee has reviewed control procedures relevant to the accuracy and clarity of member communications.

**No exceptions noted.**

Through enquiry and inspection, we confirmed that timescales for delivering member communications are either written into the Framework Agreement with Capita or built into Capita and/or client systems during implementation.

**No exceptions noted.**

## 4. Control objectives and control activities

### 32. The Trustee Board has established a process for reporting member feedback (including issues raised by members) and complaints to the trustees, including resolution procedures. Member feedback and issues are logged and reviewed by the Trustee Board.

Member Feedback is accomplished in a number of ways.

#### Complaints

Complaints from members are recorded in the quarterly Administration Reports from Capita which are reviewed at each ROSC and Trustee meeting. This includes a description of the circumstances giving rise to complaints. ROSC's annual planner includes an agenda item (Undertake Root Cause Analysis (RCA) as necessary and refer to DASC as appropriate) at each quarterly meeting. This enables ROSC and the Board to identify any wider issues that have not yet been identified by the affected members.

Complaints are sub-categorised between administration complaints and complaints which have arisen due to Trustee decisions, actions or inactions. Complaints handling related to Trustee matters are dealt with via the Trustee's Internal Dispute Resolution Policy (IDRP). Complaints that reach that stage are therefore known to the Trustee, directly or via the Discretionary and Appeals Sub-Committee.

Complaints that relate to administration matters are dealt with in the first instance by Capita's Complaints Resolution Team (CRT), a specialised team which investigates, resolves and (as appropriate) remediates members for errors which are caused by Capita's administration. If a member remains dissatisfied, they are directed to use the Trustee's IDRP. All such complaints are reported in Administration Reports, which are viewed by ROSC and by the Trustee each quarter.

#### Other feedback

The Engagement Sub Committee operates an Atlas Member Forum which has a formal Terms of Reference. It is primarily an online community so as to avoid geographic bias. Atlas actively encourages new members to join using a variety of recruitment methods including Trustee Newsletters and Chair's Statements. The

forum is used primarily on an ad hoc basis to road test the development of member communications and new initiatives before deployment.

Ad hoc forums are also used.

Atlas issues periodic Trustee Newsletters (which include a call to action for new members of the Atlas Member Forum).

The Trustee places polls and surveys online and in newsletters to gauge the sentiment and pulse of the membership. Results and feedback are then reviewed by the Engagement Sub Committee and Executive team on behalf of the Trustee, with any key issues or findings escalated.

The administration team invite member feedback at relevant interface points in the administration journey such as telephone calls or when transfers or benefit claims are made. These data are incorporated in a Customer Satisfaction Report which is produced quarterly and included as a standing agenda item at each Risk & Operation Sub Committee and each Engagement Sub Committee meeting.

## 4. Control objectives and control activities

### Control activities:

Complaints MI is provided via the quarterly administration reports which are reviewed at each Risk & Operations Sub Committee meeting in accordance with the Annual Planner.

Each quarterly Engagement Sub Committee meeting includes the following agenda items:

- Communication Strategy Update.
- Capita Digital Update.
- Member Forum Update.
- Customer Satisfaction Survey.

The Engagement Sub Committee (ESC) and Discretions and Appeals Sub Committee (DASC) have delegated authority to ensure that member views are heard, and feedback actioned accordingly.

Each year's Chair's Statement includes a description of the Atlas Member Forum with details of how members can join it.

### Test description:

We obtained and inspected Administration reports to confirm they include member complaints and meeting minutes to confirm that the Administration Reports have been reviewed by the Trustee.

### No exceptions noted.

We obtained and inspected meeting minutes to confirm that member views shared via the online Member Forum are review at quarterly ESC meetings.

### No exceptions noted.

We obtained and inspected the Chair's Statement to confirm that it provides information on how views can be shared with the Trustee at the Atlas Member Forum.

### No exceptions noted.

Through enquiry and inspection, we confirmed that the Trustee places online polls and satisfaction surveys to gauge member views.

### No exceptions noted.

We obtained terms of reference to confirm that the Engagement Sub Committee (ESC) and Discretions and Appeals Sub Committee (DASC) have delegated authorities to ensure that member views are heard, and feedback actioned accordingly.

### No exceptions noted.

### Notes:

1. 'Review', as referred throughout Section 4 of this controls matrix may include reports made direct to the Board or relevant sub Committee, whether in formal meetings, in person or by other means:
    - reports written specifically for the Board by any Sub Committee or Working Group approved by the Board or Sub Committee; and
    - reviews of other items distributed to the Trustee (but not addressed directly to them, including AAF 01/06 Reports and Business Continuity and Recovery Reports).
    - presentations to the Board or Risk & Operations Sub Committee (ROSC) from representatives of the Funder to facilitate Trustee oversight of the activities of the Scheme Funder and Scheme Strategist related to the ongoing financial sustainability of the Master Trust.
  2. The review dates included in Annual Planner relate to activities scheduled to be completed by the quarter end. Changes to scheduled dates are acceptable where rationale and/or resource so dictates. Reviews are to be evidenced by minutes of any Board or Sub Committee Meeting or in writing, including by email.
- 'Trustee', as referred to throughout Section 4 of this controls matrix, includes the Trustee Board, Relevant Sub-Committees (and Working Groups thereof) and the Atlas Master Trust Executive Team.
3. As of 27<sup>th</sup> April 2021, Capita Employee Benefits Limited (CEBL) changed its name to Capita Pension Solutions Limited (CPSL). Any reference to Capita Employee Benefits Limited (CEBL has remained as this was a post reporting period event.)
  4. Throughout section 4 of this report, references to the Capita AAF 01/06 reports and the Scottish Widows 01/06 report are defined as the Capita AAF reports and/or the Scottish Widows AAF report. The Capita AAF report covering the period 1 January 2020 to 31 December 2020 was reviewed by a Sub-Committee shortly after the reporting period (but prior to formal approval of this report) and has been incorporated as part of the monitoring and oversight due to its relevance to the reporting period of this report.



The Trustee of the Atlas Master Trust  
Atlas Master Trust Trustee Limited  
2<sup>nd</sup> Floor  
17-19 Rochester Row,  
Westminster,  
London SW1P 1JB

Crowe Clark Whitehill LLP  
Chartered Accountants  
Member of Crowe Horwath International St Bride's House  
10 Salisbury Square London EC4Y 8EH, UK  
Tel +44 (0)20 7842 7100  
Fax +44 (0)20 7583 1720  
DX: 0014 London Chancery Lane  
[www.croweclarkwhitehill.co.uk](http://www.croweclarkwhitehill.co.uk)

19 June 2020  
Our ref: JH/PS/LOC00109

Dear Trustee

This letter sets out the basis on which we are to act for you and includes your and our respective responsibilities.

Under 'Other Matters' below, we set out our maximum legal liability. This letter is subject to the annexed Terms of Business and these include other important details, including provisions that further limit the amount of our liability in certain circumstances. Please read this letter and the Terms of Business carefully, and raise with me any questions that you might have.

## 1. Scope of our work

- 1.1 You have asked us to act as Service Auditors to deliver services to you in connection with the governance control procedures established by the Trustee of the Atlas Master Trust ("the Master Trust") for the period from 1 January 2020 to 31 March 2021 or other period end date as mutually agreed (the Specified Period).

## 2. Responsibilities of the Trustee

- 2.1 The Trustee of the Master Trust (Atlas Master Trust Trustee Limited – "the Trustee") in relation to which the reporting accountants' assurance report is to be provided is and shall be responsible for the design, implementation and operation of governance control procedures at the Master Trust. The Trustee's

responsibilities are and shall include:

- a) acceptance of responsibility for governance control procedures;
- b) evaluation of the effectiveness of the governance control procedures established by the Trustee using suitable criteria; and
- c) supporting its evaluation with sufficient evidence, including documentation.

- 2.2 The Trustee acknowledges and accepts its responsibility for providing a written statement ("the Trustee's Report") about whether in all material respects, and based on suitable criteria:

- a) The Trustee's Report describes fairly the governance control procedures established by the Trustee that relate to control objectives which were in place throughout the Specified Period;
- b) The governance control procedures described were suitably designed throughout the Specified Period such that there is reasonable assurance that the specified control objectives would be achieved if the described governance control procedures were complied with satisfactorily; and
- c) The governance control procedures described were operating with sufficient effectiveness to provide reasonable assurance that the related control objectives were achieved during the Specified Period.

2.3 This written statement will be included in, or attached to, the Trustee's description of the Trustee's governance control procedures in the Trustee's Report and provided to user entities as part of the final Trustee's Report issued by the Trustee.

2.4 In drafting this report the Trustee has regard to, as a minimum, the criteria specified within TECHNICAL RELEASE TECH 05/20 ASSURANCE REPORTING ON MASTER TRUSTS issued by the Institute of Chartered Accountants in England and Wales.

### 3. Responsibilities of Service Auditors

3.1 It is our responsibility to form an independent opinion, based on the work carried out in relation to the governance control procedures established by the Trustee as described in the Trustee's Report and report this to the Trustee.

### 4. Scope of the Service Auditors' work

4.1 We conduct our work in accordance with the procedures set out in TECHNICAL RELEASE TECH 05/20 ASSURANCE REPORTING ON MASTER TRUSTS. Our work will include enquiries of key individuals at the Master Trust.

4.2 In reaching our conclusion, the minimum criteria against which the governance control procedures are to be evaluated are the control objectives developed for assurance reporting on Master Trusts as set out within TECHNICAL RELEASE TECH 05/20 ASSURANCE REPORTING ON MASTER TRUSTS, together with additional governance control procedures as considered appropriate.

4.3 Any work already performed in connection with this engagement before the date of this letter will also be governed by the terms and conditions of this letter.

4.4 We may seek written representations from the Trustee in relation to matters on which independent corroboration is not available. We shall seek confirmation from the Trustee that any significant matters of which we should be aware have been brought to our attention.

4.5 Our objective will be to conduct an examination that will include procedures to obtain reasonable assurance, in all material respects and based on suitable criteria, to enable us to express an opinion as to whether

a) Trustee's Report fairly presents the governance control procedures established by the Trustee that relate to the control objectives specified in the Trustee's Report which were in place throughout the Specified Period;

b) The governance control procedures established by the Trustee described in the Trustee's Report were suitably designed to provide reasonable, but not absolute, assurance that the specified control objectives would have been achieved if the described governance control procedures operated effectively throughout the Specified Period; and

c) The governance control procedures established by the Trustee that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related control objectives were achieved throughout the Specified Period.

4.6 In conducting our work we will examine on a test basis, evidence supporting the Trustee's description of controls, including the operating effectiveness of the related controls, and perform other procedures as we consider necessary in the circumstances to provide a reasonable basis for our report. Our examination will not include other systems, controls, operations or services not specified herein including internal control at user organisations and, accordingly, we will express no opinion on such items.

### 5. Inherent limitations

5.1 The Trustee acknowledges that governance control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such procedures cannot guarantee protection against fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, the opinion set out in our report will be based on historical information and the projection of any information or conclusions in our report to any future periods will be inappropriate.

### 6. Use of our report

6.1 Our report will, subject to the permitted disclosures set out in paragraph 6.3 below, be made solely for the use of the Trustee and solely for the purpose of reporting on the governance control procedures established by the Trustee, in accordance with these terms of our engagement.

- 6.2 Our work will be undertaken so that we might report to the Trustee those matters that we have agreed to state to it in our report and for no other purpose.
- 6.3 We permit the disclosure of our report, in full only, to verify to the recipient that a report by reporting accountants has been commissioned by the Trustee and issued in connection with the governance control procedures established by the Trustee without assuming or accepting any responsibility or liability to the recipient on our part.
- 6.4 To the fullest extent permitted by law, we do not and will not accept or assume responsibility to anyone other than the Trustee as a body for our work, for our report or for the opinions we will have formed.

### OTHER MATTERS

#### 7. Limitation of liability

- 7.1 Our aggregate liability in respect of all claims by you under or in connection with this Contract shall be limited to the amount of £1,000,000. This limit shall apply to any and all causes of action against us in respect of or arising from or in any way connected with our engagement by you. However, we never seek to exclude or restrict our liability to the extent that we cannot do so by law for any reason, or any liability for our fraud or dishonesty. If you wish to discuss this or other provisions before we carry out work for you, please let us know.

#### 8. Fees

- 8.1 Our fees are calculated on the basis of the time spent on your affairs by the partners and staff and on the levels of skill or responsibility involved and will be billed at approximately monthly intervals during the course of our work and once a particular assignment has been completed, or on another basis as mutually agreed. The amount of our fee to provide Type 2 reporting accountant's assurance services will be agreed with you. We shall charge in addition any disbursements and VAT and reserve the right to charge interest on unpaid bills and suspend work until they are paid.
- 8.2 You undertake to ensure that our bills are settled in accordance with the attached statement of our terms of business "Terms and Conditions".
- 8.3 If we need to do work outside the responsibilities outlined in our engagement letter, we will advise you in advance. This will involve additional fees. Accordingly, it is in your interest to ensure that your records and information requirements are completed at the agreed stage.

#### 9. Terms of Business

- 9.1 The Terms of Business accompanying this letter contain further information about the basis on which we will be pleased to carry out work for you. In the event of a conflict between the Terms of Business and what is set out in this letter, this letter will prevail.



### 10. Confirmation of your agreement

- 10.1 Please let me know if you have any questions in relation to this letter and the Terms of Business. If you are content with them, then would you please confirm your agreement by signing and returning one of the enclosed copies.
- 10.2 If I do not hear from you regarding this letter but it is clear that you wish us to proceed with the work, then this letter and the Terms of Business will govern the terms of our engagement.

Yours faithfully

*Crowe U.K. LLP*

**Crowe U.K. LLP**

### AGREEMENT OF TERMS

I acknowledge receipt of this letter, which together with the Terms of Business fully records the agreement between us concerning your appointment to carry out the work described in it.

Name Neil Taylor Signed *N. Taylor*

Position Secretary to Trustee Date 9/7/2020

For and on behalf of the Trustee.

## TERMS OF BUSINESS

### 1. Definitions

- 1.1 In these Terms of Business and any associated engagement letter:
  - 1.1.1 “We” means Crowe U.K. LLP, and shall include any successor or assignee
  - 1.1.2 “You” means the person or company with whom the Contract is agreed and that is named as such in the engagement letter;
  - 1.1.3 “Contract” means the terms of engagement agreed between Crowe U.K. LLP and you to which these terms of business relate and into which they are incorporated;
  - 1.1.4 “Services” means the services we agree to provide you with under the Contract, as set out in the engagement letter.

### 2. Limitation of liability

- 2.1 We never seek to exclude or restrict our liability for our fraud or dishonesty, or otherwise to the extent that we cannot do so by law for any reason.
- 2.2 We accept that we owe you a duty of care to provide the Services with reasonable skill and care, regardless of whether the people we decide to use are members or employees (who may also be described as 'partners') of Crowe U.K. LLP or agents or sub-contractors retained by us. You in turn agree that you will not bring any claim based on any cause of action in respect of or in any way connected with the Contract against anyone other than Crowe U.K. LLP.
- 2.3 Where we are liable to you, and in addition any other person is also liable to you, or any such person or you have caused or contributed to the same loss or damage for which we are liable, either in whole or in part, then our liability shall be limited to such amount as is just and equitable having regard to the extent to which each of us and/or such other person is liable for and/or has otherwise caused or contributed to such loss or damage. For the purposes of this clause, the liability for and/or cause or contribution of any such other person shall be determined by disregarding any limitation, exclusion or restriction of legal liability or any inability to pay or insolvency, even if it means that you cannot recover any compensation from such other person.

- 2.4 Any action (including any proceedings in a court of law) in connection with this Contract or the Services must be brought within 3 years of the date of the act or omission that is alleged to have given rise to the action.

### 3. Crowe Global and its member firms

- 3.1 Crowe U.K. LLP is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. There is no ownership, agency, partnership or control relationship amongst any of Crowe Global and its member firms. Crowe Global does not perform services and you agree that you will not bring a claim against it.
- 3.2 It is possible that we may retain another member firm of Crowe Global to act for us as a sub-contractor in providing the Services to you under this Contract. In that event, we accept that we owe you a duty of care to provide the Services for which we have retained that other member firm as a subcontractor, as set out in Clause 2.2, and you in turn agree that you will bring any claim against us and not against that other member firm, as set out in Clause 2.2.
- 3.3 If we have not retained another member firm as a sub-contractor, then you agree that any services that may be provided to you by another member firm are separate from the Services provided by us under this Contract. You will be responsible for entering into a separate contract of engagement with that other member firm, on such terms as you and that other member firm may agree. You agree that we shall not under any such circumstances be responsible or liable in any way whatsoever for any acts or omissions of Crowe Global or of any other member firms of Crowe Global.

### 4. Responsibility to third parties

- 4.1 We shall provide the Services for your exclusive use and for the purpose for which you engage us, and you agree that you will not disclose our advice or the product of our Services to anyone else without our specific written agreement.
- 4.2 We do not accept any responsibility to anyone other than you ("third party") for any aspect of our Services, whether because any work of ours is made available to the third party or for any other reason.
- 4.3 To the extent that the law imposes on us any responsibility to any third party even though we do not accept that, our liability to that third party shall be limited in accordance with the "Limitation of liability" section of the engagement letter. You therefore agree that you will share a single limit of liability as set out in those provisions in the event that we have a liability to you and to a third party.

### 5. Nature of our Services

- 5.1 You acknowledge that we will rely on information and documentation provided to us by you, your management, employees and third parties in the course of our work. We will not be responsible for the consequences of any deficiency in the information or documentation provided to us, whether as a result of it being false, misleading or incomplete. You agree to inform us if you are or become aware of anything inaccurate or misleading in respect of information or documentation provided to us.
- 5.2 Except as expressly agreed in the description of the Services in the engagement letter, our work will not be an audit as conducted in accordance with applicable auditing standards. Unless expressly agreed, we will not seek to verify the accuracy of the information provided to us in the course of carrying out our Services, and we will not seek to or be responsible for detecting fraud by you or by your management, employees or third parties. We shall satisfy ourselves that the information provided is consistent with other information provided to us, but we will otherwise generally accept the explanation and assurances we receive from the directors, officers and employees of the entity that is the subject of the Services under this Contract or other third parties in the course of our work.
- 5.3 It may be necessary or desirable to instruct other professional advisers or third party suppliers in connection with the Services, upon whom we may place reliance and/or in conjunction with whom we may carry out our work. You shall be responsible for the appointment of such other professional advisers or suppliers and for their fees and expenses. We shall have no liability for the non-delivery, non-performance or any acts, errors or omissions of such other advisers or suppliers (other than our express agents), regardless of any role that we may perform in relation to communications with such advisers or suppliers.

### 6. Fees

- 6.1 You agree to pay our fees within 30 days from the date of the invoice.
- 6.2 Payment of our fees from a bank based outside the UK must be made via transfer to our bankers and must quote our invoice details.
- 6.3 We will claim for relief for any fees falling within the scope of the VAT Regulations 1995 (SI 1995/2518).

### 7. Non-payment of fees

- 7.1 If you fail to pay our fees within 30 days from the date of the invoice we reserve the right:
- 7.1.1 to charge monthly interest on the unpaid amount at 5% over the Barclays Bank plc Base Rate in accordance with the Late Payment Legislation;
  - 7.1.2 to suspend the Services and any other work which we are carrying out for you;
  - 7.1.3 to take whatever legal remedy exists in order to obtain payment; and
  - 7.1.4 to claim the cost of debt recovery.

### 8. Communicating with you

- 8.1 Please let us know if you have a preferred method of communication e.g. telephone or email or letter. Unless we hear from you, we will use whatever mode of communication appears appropriate in the circumstances.
- 8.2 All email messages sent to us will, if properly addressed, arrive on the terminal of the person to whom they are addressed. Please be aware of the following points:
- 8.2.1 the firm is connected to the internet, but the exchange of email messages may be subject to delays outside of our control;
  - 8.2.2 the safe delivery of email via the internet should not be assumed;
  - 8.2.3 the confidentiality of email cannot be guaranteed.
- 8.3 Please ask about our secure portal solutions. Unless you ask us, we shall not encrypt or promise to password-protect any email or attachment sent by us to you.
- 8.4 You and we shall not be responsible for each other's loss or damage arising from any corruption or alteration, or any unauthorised interception, redirection, copying or reading, of emails including any attachments.
- 8.5 You and we shall not be responsible for the effect on each other's hardware or software (or any loss or damage arising from any such effect) of any emails or attachment which may be transmitted by the other.
- 8.6 The recipient is responsible for carrying out a virus check on attachments.

### 9. Improving our service

- 9.1 If at any time you would like to discuss with us how we could improve our service to you or you are dissatisfied with the service you are receiving, please let us know by contacting the engagement partner or Peter Varley, the Managing Partner of this office. Alternatively the Chief Executive of the firm Nigel Bostock, Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH.
- 9.2 Should our service be less than satisfactory we will take all reasonable steps to correct the situation. We undertake to investigate any complaints carefully and promptly and to report our findings to you.
- 9.3 If you are still dissatisfied you may take the matter up directly with the Institute of Chartered Accountants in England and Wales at:

Professional Conduct Department ICAEW  
Level 1, Metropolitan House  
321 Avebury Boulevard  
Milton Keynes MK9 2FZ

### 10. Professional rules and practice guidelines

- 10.1 We will observe the bye-laws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales and accept instructions to act for you on the basis that we will act in accordance with them. The requirements are available on the internet at [www.icaew.com/membershandbook](http://www.icaew.com/membershandbook).
- 10.2 We are eligible to conduct audits under the Companies Act 2006 and details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk), under reference number C001095468
- 10.3 Details of our professional indemnity insurer can be found on our internet website ([www.crowe.com/uk/croweuk](http://www.crowe.com/uk/croweuk)) on the legal information page, in accordance with the disclosure requirements of the Services Regulations 2009.

- 10.4 Our Services for you shall not be exclusive, and you agree that this Contract shall not prevent or restrict us from carrying on our business. We reserve the right during our engagement with you to act for other clients who may be competitors of yours or in respect of whom issues of commercial conflict may arise, subject to the Confidentiality section below.
- 10.5 Where a specific legal or ethical conflict of interest, actual or potential, is identified, and we believe that implementing appropriate procedures can properly safeguard your interests, we will promptly notify you and discuss the position with you. Please note that there may be circumstances where we are unable to fully explain all of the aspects of the conflict because of obligations that we owe to other clients or third parties. It may also not be possible to put effective safeguards in place, or you may not be content with the situation, in which case it may be necessary for us to terminate the Contract. You also agree to inform us immediately if you should become aware of, or believe that there may be, a conflict affecting our provision of the Services.
- 10.6 Our files are periodically reviewed by an independent regulator or quality controller as part of our on-going commitment to providing a quality service. The reviewers are bound by the same rules of confidentiality as our partners and staff.

### 11. Confidentiality

- 11.1 We confirm that where you give us confidential information we shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional statements relevant to our engagement or for the purpose of notifying insurers concerning any actual or potential dispute relating to the Services.
- 11.2 You agree that we will be complying sufficiently with our duty of confidence if we take steps that we in good faith think fit to keep appropriate information confidential during and after our engagement.
- 11.3 You agree to reimburse any reasonable costs that we may incur in complying with any requirement for disclosure of your information that is imposed on us in any proceedings or regulatory process that does not involve any substantive claim or proceeding against us, provided that we promptly notify you in writing of any such requirement (to the extent we are legally permitted to do so) and that we reasonably cooperate with you in any efforts to protect against such disclosure.
- 11.4 You agree to keep confidential any methodologies and technology used by us to carry out the Services

### 12. Data Protection

- 12.1 When acting for you, we are a data controller in respect of any personal data you provide to us or to which we have access. This is because accountants and similar providers of professional services work under a range of professional obligations which oblige them to take responsibility for the personal data they process. For example if we detect malpractice whilst performing our services we may, depending on its nature, be required under our regulatory obligations to report the malpractice to the police or other authorities. In doing so we would not be acting on your instructions but in accordance with our own professional obligations and therefore as a data controller in our own right.
- 12.2 Where we and you are deemed in accordance with the data protection laws to be joint data controllers, you shall be liable for the personal data you process and we shall only be liable for the personal data we process.
- 12.3 You confirm that you have the right to supply personal data to us and this will not breach applicable data protection laws. Where you are providing personal data to us about a third party, for example a family member, a partner, a director (including a non-executive director), and/or any other type of member, business associate or third party, you confirm that you have their authority and express permission to provide us with their personal data.
- 12.4 Neither of us will by our act or omission put the other in breach of the applicable data protection laws.
- 12.5 Where we and you are joint data controllers, you should provide all relevant information to data subjects relating to the processing of their personal data (including the processing carried out by us) and to the exercise of their rights in relation to the processing of their personal data as required by the data protection laws ("Fair Processing Notice") and you will be the contact point for the data subject.
- 12.6 To enable us to discharge the services agreed under our engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, we may obtain, use, process and disclose personal data about you or your entity, its officers and employees, as applicable. We confirm when processing data on your behalf we will comply with the relevant provisions of the applicable data protection laws.

12.7 Where we act as a data processor in relation to your personal data, we will:

12.8 process personal data:

- 12.8.1.1 or the purpose of performing our services and obligations to you; and
  - 12.8.1.2 for such other purposes as may be instructed by or agreed with you or as otherwise notified in writing from time to time; and
  - 12.8.1.3 in accordance with the applicable data protection laws
- 12.8.2 implement appropriate technical and organisational measures to protect the personal data against unauthorised or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure;
- 12.8.3 not otherwise modify, amend, remove or alter the contents of the personal data or subject to clause 12.1 above disclose or permit the disclosure of any of the personal data to any third party without your prior written authorisation;
- 12.8.4 adopt measures to maintain up to date records of our processing activities performed on your behalf which shall include the categories of processing activities performed, information on cross border data transfers and a general description of security measures implemented in respect of processed data;
- 12.8.5 unless otherwise required by data protection laws, or our own retention policy, we will return or delete all personal data upon the termination of our relationship with you;
- 12.8.6 adopt measures to ensure that only those personnel who need to have access to your personal data are granted access to it and that all of the personnel required to access your personal data are reliable and have been informed of its confidential nature;
- 12.8.7 not appoint a sub-processor without your prior written consent, not to be unreasonably withheld, and ensure an agreement is entered into with the relevant sub-contractor which includes terms which are substantially the same as the terms set out in this clause 12;
- 12.8.8 where we transfer your personal data to a country or territory outside the European Economic Area, to do so in accordance with data protection laws (including for the avoidance of doubt entering into standard form contracts);

- 12.8.9 notify you without undue delay if we receive: (i) a request from a data subject to access your personal data; or (ii) a complaint or request relating to the data protection laws;
  - 12.8.10 assist you should you need to carry out a privacy impact assessment;
  - 12.8.11 notify you in the event we become aware without undue delay of any breach of the data protection laws; and
  - 12.8.12 permit without charge, on an annual basis, and / or where you become aware of a data breach or alleged breach of the data protection laws by us, reasonable access to the relevant records, files, tapes, computer systems, for the purposes of reviewing compliance with the data protection laws.
- 12.9 When acting for you in a personal capacity how we process your personal data is described in our privacy notice. This is available on our internet page. We will tell you if, in our opinion, your instructions may breach the applicable data protection laws.
- 12.10 Each of you and us shall indemnify and keep indemnified the other in full from and against all claims, proceedings, actions, damages, costs, fines, expenses and any other liabilities which may arise out of, or in consequence of, the indemnifying party's breach of the data protection laws or the performance or non-performance by its sub-processor(s) and personnel of its obligations in connection with this Contract in relation to the data protection laws, including loss of or damage to property, financial loss arising from any breach of the data protection laws or any other loss which is caused directly or indirectly by any act or omission arising from any breach of the data protection laws. Any amount payable by us under this clause shall form part of, and not be in addition to, the aggregate limit of liability.

### 13. Ownership and retention of documents

- 13.1 All correspondence and papers in our possession or control and generated for our internal purposes (including our working papers) or addressed to us relating to the Services or the subject matter of the Services shall be our sole property.
- 13.2 We retain copyright and other intellectual property rights in everything produced by us before or during the Services.

- 13.3 We will keep correspondence and other papers and electronic data relating to the Contract, for such period as we may consider reasonable or that is required by law, and for at least eight years. After that time, we may destroy them without further reference to you.

### 14. Termination

- 14.1 In relation to Services as Auditor under any statutory provisions, you or we may terminate the Contract only in accordance with the provisions of the relevant Act or regulation. In relation to any other Services, you or we may terminate the Contract at any time by giving not less than 30 days' notice in writing. We shall be entitled to payment for any work performed in relation to the Services by us prior to such termination.

### 15. Miscellaneous

- 15.1 Neither of us may transfer nor assign this Contract, or any rights or obligations under it, without the prior written consent of the other party.
- 15.2 Neither of us will be liable to the other for any delay or failure to fulfil obligations caused by circumstances outside our reasonable control.
- 15.3 This Contract replaces and supersedes any previous proposal, discussion, correspondence, representation or agreement between us in relation to the Services, and forms the whole agreement between us in relation to such Services.
- 15.4 Any variation to the Contract shall only be effective if it is agreed in writing between you and a member in Crowe U.K. LLP, and only if agreed by reference expressly to the specific term to be amended.
- 15.5 Upon the termination of this Contract, we shall be under no further obligation to perform any part of the Services. However, the provisions of many clauses of these Terms of Business will, by their nature, continue to apply notwithstanding termination.
- 15.6 Unless we both agree otherwise, these Terms of Business (as amended from time to time) will apply to any future instructions that you may give us.
- 15.7 If at any time any provision of these Terms of Business or any engagement letter is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, then that shall apply to the minimum extent required and shall not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of these Terms of Business or any engagement letter.

### 16. Applicable law and enforcement

- 16.1 Our Contract with you is governed by, and interpreted in accordance with the laws of England and Wales.
- 16.2 A person who is not a party to the Contract has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of the Contract. This clause does not prejudice you in relation to any right or remedy that exists independently of the Act.
- 16.3 However, clause 16.2 does not apply to members, employees, agents, sub-contractors and others who have the benefit of the exclusion of liability in their favour under clauses 2.2 and 3. Accordingly, such persons may enforce that exclusion in their favour under the Contracts (Rights of Third Parties) Act 1999.
- 16.4 The Courts of England and Wales shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Contract and any matter arising from them. Each party irrevocably waives any right it may have to object to any action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

