

Atlas Master Trust

Implementation Statement for the year ending 31 March 2021

Welcome to the Trustee's Statement of how they implemented the policies and practices in the Scheme's Statement of Investment Principles during the year ending 31 March 2021.

Why do the Scheme's investments matter to me?

The Atlas Master Trust (the "Scheme") provides you with benefits on a defined contribution ("DC") basis (sometimes called money purchase benefits). This means that the level of income you will get in retirement will depend on the size of your pension account at the time which, in turn, will depend on the amount of contributions paid into the Scheme and the investment growth achieved on your savings over the years.

What is the Statement of Investment Principles ('SIP')?

The SIP sets out the investment principles and practices the Trustee follows when governing the Scheme's investments. It describes the rationale for the investment options which you can choose (including the default arrangement if you don't make a choice), explains the risks and expected returns of the funds used and the Trustee's approach to responsible investing (including climate change).

The Scheme's SIP was reviewed on both 24 June 2020 and 29 September 2020 during the Scheme year and the next review will take place no later than September 2023.

The following changes were made to the SIP during the last year:

- A section has been added regarding the roles and responsibilities of the investment advisors (Hymans Robertson LLP and Capita Employee Benefits (Consulting) Ltd, now called Capita Pension Solutions Ltd) and the composition and credentials of the Investment Sub-Committee ("ISC"). This is an essential part of developing accountability for tasks undertaken in relation to the investment of the Scheme.
- A new section clarifies the differences between the Primary Default, Legacy Defaults and Ancillary Defaults.
- Details have been added regarding the investment mandates of the investment managers accessed through the Scottish Widows platform.
- In line with the Occupational Pension Schemes (Investment and Disclosure) Regulations 2019 and in recognition of the responsibility, as a long-term institutional investor, to not only drive improvement in environmental, social and governance practice, but also improve the projected risk adjusted returns for members, a section has been included by the Trustee regarding their policy on voting rights and engagement. This will help the Trustee to monitor the stewardship activities of the underlying investment managers.
- A section has been added indicating how the Trustee plans to ensure that investment managers' incentives are aligned with the members' interests within the Scheme. The alignment of incentives is vital in an agent-principal relationship, and the Trustee plans to implement this by selecting managers that have beliefs consistent with their own.

- The Trustee has also detailed the intended duration of investment manager appointments. This notes that, given the long term time horizons for members within the Scheme, the Trustee would not automatically consider replacing an investment manager off the back of short periods of underperformance, but rather keep managers under regular review to ensure that they align with the objectives and beliefs of the Trustee.
- High transaction costs can result in a material difference in the value of member funds within the Scheme and, as such, the Trustee has included a section explaining the annual monitoring process of transaction costs. The implementation of this policy will help to limit the adverse impact of transaction costs on members' retirement incomes.

If you want to find out more, you can find a copy of the Scheme's current SIP (and the Scheme's Chair's Statement) at

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

What is this Implementation Statement for?

Each year, the Trustee is required to prepare an Implementation Statement, which sets out how they have complied with the Scheme's SIP during the last year.

As demonstrated throughout this Statement, the Trustee is satisfied that:

- **The Scheme's investments have been managed in accordance with the SIP; and**
- **The provisions in the SIP remain suitable for the Scheme's members.**

How the Scheme's investments are governed

The Trustee has overall responsibility for how the Scheme's investments are governed and managed in accordance with the Scheme's Trust Deed and Rules as well as Trust Law, Pensions Law and Pension Regulations.

The Trustee has established the ISC which focuses on investment issues and makes recommendations to the whole Trustee Board.

There have been no changes to the Trustee or the governance processes during the last year.

The Trustee has delegated day-to-day investment decisions, such as which individual investments to buy and sell, within agreed broad parameters, to Scottish Widows and the underlying investment managers.

The Trustee is proactive in ensuring that their knowledge of investment matters remains up to date. For example, the Trustee received a training session from Schroders on 20 October 2020, on 'Sustainability Considerations for Pension Funds'. Furthermore, each of the three Trustee Directors took their own steps to maintain their individual knowledge and understanding.

The Trustee monitors how well their investment advisers meet the objectives agreed with them. The investment advisers have agreed the following objectives with the Trustee:

- **Capita Employee Benefits (Consulting) Limited (now Capita Pension Solutions Limited):**

- Quarterly exceptions reports have a Service Level Agreement ("SLA") of 10 working days from the production of the quarterly investment report from the platform provider.
- SMPI recommendations have an SLA of 8 weeks from a formal request from the Atlas Trustee or ISC.
- Produce a summary of engagement activities by 31st July each year.
- Report on transaction cost data within 4 weeks of receipt from the platform provider, with an annual report benchmarking against what would be expected of similar funds provided by 31st July each year.
- Report on fund manager's ESG credentials by 31st July each year in respect of core funds.
- Collate and report data on stock lending activity for core funds by 31st July each year.
- Hymans Robertson LLP is reviewed annually based on:
 - The timeliness, clarity and effectiveness of the ad-hoc work undertaken;
 - Whether the objectives set for them by the Trustee/ISC, on a case by case basis, are appropriate for that work;
 - Whether they continue to satisfy the requirements set out under Open Tender Process.

The Trustee is satisfied that during the last year:

- **The Scheme's DC governance structure was appropriate;**
- **The Trustee has maintained their understanding of investment matters; and**
- **Their investment advisers met the agreed objectives.**

How the default investment arrangement and other investment options are managed

The investment objectives and their rationale for the default arrangement and other investment options are set out on pages 5 to 6 of the SIP.

Supporting the delivery against these objectives, the Trustee carries out an annual review of the default arrangement and other investment options during the year to ensure they remain suitable for most members. This involved:

- Confirming that the default arrangement complies with the Charge Cap;
- Monitoring the investment performance of each fund;
- Monitoring the turnover of the assets in which each fund is invested;
- Considering whether the funds still meet the investment objectives the Trustee has set for the default arrangement and other investment options;
- Checking whether there have been any significant changes in the demographic profile of the Scheme's membership, members' choices of investment options and members' choices of benefits when they retire;

- Considering whether the default arrangement and other investment options still represent good value for members; and
- Obtaining investment advice, where appropriate, on any changes to the default arrangement and other investment options.

The Trustee determined that no changes were required to the investment strategy based on the reviews completed during the year. This is because the existing strategy:

- Is designed to help members receive a reasonable level of income in retirement;
- Has performed in line with Trustee expectations; and
- There is a sufficient selection of investment options for members to choose from, reflecting their varying needs.

The Trustee is satisfied that the default investment arrangement and other investment options remain suitable for the majority of members.

Other default investment arrangements

The Scheme has a number of legacy default arrangements relating to employers who have transferred their previous pension arrangements into the Scheme. The Trustee has carried out their annual review of the legacy default arrangements to ensure they remain suitable for the closed group of members.

The Trustee is satisfied that the legacy default arrangement remains suitable for those members.

During the last year, the underlying components of the Atlas Direct Property Fund (the L&G Managed Property Fund and the Threadneedle Pooled Pension Funds Property Fund) were temporarily closed to the investment of new contributions and disinvestment by the fund manager as a result of liquidity concerns. The Trustee agreed that it was in the best interests of members to temporarily redirect contributions from this Fund to the Cash Fund, although members had the flexibility to choose another self-select fund if desired. The Trustee communicated with the members affected to explain the action being taken.

The Trustee's investment beliefs

The Trustee has developed a set of investment beliefs which are set out on page 6 and 7 of the SIP, which they use as a guide when making investment decisions.

There have been no changes to these beliefs in the last year.

The expected risks to your savings in the Scheme

The investment risks relating to members' benefits are described in the SIP on pages 9 to 10.

The Trustee's views on the expected levels of investment risks and returns inform decisions on the strategic asset allocation (i.e. what types of assets and areas of the world the Scheme invests in over the longer-term) for the Scheme's lifestyle option (which gradually change the funds in which your savings are invested as you approach

retirement).

The Trustee believes that the main investment risks members face described in the SIP have not changed materially over the last year.

The Trustee is satisfied that the current expected rates of investment return for the types of funds described in the SIP are still reasonable relative to the risks that members face.

The Trustee's views on the long-term mix of investments for the Scheme's lifestyle options, including the default arrangement, did not change during the last year.

Platform providers and investment managers

Choice of platform providers and funds

The Trustee monitors the service of the platform provider, Scottish Widows, by:

- Benchmarking their performance against pre-determined service level agreements;
- Reviewing quarterly governance reports relating the Scheme; and
- Assessing the quality and cost of the service they provide as a part of the annual Value for Members Assessment.

The Trustee monitors the performance of the funds used by the Scheme by:

- Receiving quarterly reporting from their investment advisors on the performance of the fund range;
- Assessing the performance of the funds as a part of the annual review process; and
- Through reporting from the fund managers themselves.

There have been no changes to the platform provider and funds during the last year.

The Trustee is satisfied that the platform provider used by the Scheme remains appropriate.

Ability to invest / disinvest promptly

It's important that your contributions can be invested promptly in the default arrangement or the investment options you have chosen and that your investments can be sold promptly when you want to change where they are invested, transfer your pension pot to another scheme or your benefits are due to be paid out when you retire.

There has been an issue during the last year affecting the Atlas Direct Property Fund. In common with many funds which invest directly in commercial property (offices, shops, factories and warehouses). It was temporarily not possible to take money in or out of this fund. In the meantime, your contributions were instead invested in the Cash Fund or a self-select fund of your choice.

The Trustee believes that these are temporary issues which have not materially affected members' interests over the longer term.

Changes in where funds are invested

The Trustee monitors the volume of buying and selling of the assets (and the nature of those assets) in which each fund is invested that is carried out by the funds' investment managers. Scottish Widows provide twice-yearly reports regarding transaction costs across the fund range. The ISC monitor this as part of their annual activity.

Short-term changes in the level of turnover of the assets in which a fund is invested may be expected when a fund manager alters its investment strategy in response to changing market conditions. However, a change in the level of portfolio turnover or the time the fund invests in an asset might indicate a shift in the amount of risk the fund manager is taking, which could mean that a fund is less likely to meet the objectives for which it was chosen by the Trustee.

The Trustee is not aware of any material issues surrounding the level of trading of the funds' assets carried out by the investment managers, or their consistency with the funds' objectives.

Security of your savings in the Scheme

In addition to the normal investment risks faced by investing in the funds used by the Scheme, the security of your savings in the Scheme depend upon:

- The financial strength of the investment platform provider used by the Scheme;
- The financial strength of the relevant investment managers used by the investment platform; and
- The legal structure of the funds the Scheme invests in.

The financial strength of the platform provider and the investment managers has a bearing on the risk of losses to the Scheme's members caused by the remote chance of one of these institutions getting into financial difficulties. The legal structure of the funds used has a bearing on the degree to which the funds' assets are "ring-fenced" from the rest of the provider's or investment managers' business in the unlikely event that the provider or manager becomes insolvent.

During the last year, the Trustee, as set out in the Chair's Statement, and with the help of the investment adviser, have reviewed information from the platform provider on the provider's financial health and the structure of the funds used by the Scheme.

There have been no changes to the structure of the funds used by the Scheme during the last year. The Trustee is not aware of any material changes in the financial strength of the investment platform provider or the relevant investment managers used by the platform in the last year.

Conflicts of interest

As described on pages 10 and 14 of the SIP, the Trustee considers potential conflicts of interest:

- When choosing investment managers;
- When monitoring the investment managers' investment performance and the investment managers' approaches to investment stewardship and responsible investing; and
- When the investment manager is making decisions on where each fund is invested.

As the funds used by the Scheme are held at arms-length from the Trustee via an investment platform, the Trustee will arrange for the platform provider to report on its own investment governance of the funds including potential conflicts of interest.

The Trustee is satisfied that there have been no material conflicts of interest during the year which might affect members' benefit expectations.

Manager incentives

As described on page 14 of the SIP, the Trustee seeks to ensure that the investment managers are suitably incentivised to deliver investment performance in keeping with the funds' objectives.

The funds used by the Scheme are held at arms-length from the Trustee via an investment platform. Nevertheless, the Trustee believes it is in the platform provider's best commercial interests to ensure that the investment managers are suitably incentivised to meet their funds' investment objectives.

The Trustee selects managers that are aligned with the policies set out in the SIP to make sure that their objectives are aligned. Regular reporting ensuring that the managers are performing as expected and regular monitoring of the charges ensures that they remain competitive.

The Trustee is satisfied that the investment managers are suitably incentivised to deliver good outcomes for the Scheme's members.

Responsible Investment

The Trustee believes that responsible investing covers both sustainable investment and effective stewardship of the assets the Scheme invests in.

The Trustee's approach to responsible investing has not changed during the last year.

Sustainable Investment

The Trustee believes that investing sustainably is important to control the risks that environmental factors (including climate change), social factors (such as the use of child labour) and corporate governance behaviour (called "ESG" factors) can have on the value of the Scheme's investments and, in turn, the size of your retirement benefits.

The Trustee periodically reviews the platform provider's and investment managers' approaches to sustainable investing and expects their investment managers to be proactive in handling these risks. In addition, the Trustee reviewed the suitability of the sustainable fund during the year.

The Trustee is satisfied that, during the last year, the Scheme's investments were invested in accordance with the policies on sustainable investing set out in the SIP.

Investment stewardship

As described on page 14 of the SIP, the Trustee believes it is important that the investment managers, as shareholders or bond holders, take an active role in the supervision of the companies in which they invest, both by voting at shareholder meetings and engaging with management on major issues which affect a company's financial performance (and in turn the value of the Scheme's investments).

As the Scheme's investments are held at arms-length from the Trustee and members through an investment platform operated by Scottish Widows, the Trustee is not able to instruct the investment managers how they should vote on shareholder issues.

The Trustee nevertheless:

- Chooses investment managers whose voting policy are consistent with the Scheme's objectives;
- Expects investment managers to vote in a way which enhances the value of the funds in which the Scheme invests;
- Monitors how the investment managers exercise their voting rights.

How does the Trustee monitor this?

The Trustee periodically reviews the platform provider's and investment managers' approaches to stewardship including voting and engagement policies.

The Trustee is making arrangements to receive quarterly reports from the platform provider on how the investment managers have voted at shareholder meetings and what topics investment managers have discussed with the companies in which they invest.

The funds with voting rights attached that are available to members as part of the default fund range or the self-select fund range are listed below along with summary voting statistics for each fund.

- Atlas Active Emerging Markets Equity Fund;
- Atlas Active Multi Asset Fund;
- Atlas Asia Pacific (ex Japan) Equity Index Tracker Fund;
- Atlas Emerging Markets Index Tracker Fund;
- Atlas Europe (ex UK) Equity Index Tracker Fund;
- Atlas Global Equity Index Tracker Fund;
- Atlas Japan Equity Index Tracker Fund;
- Atlas North American Equity Index Tracker Fund;

- Atlas Sustainable Equity Fund;
- Atlas World (ex UK) Equity Index Tracker Fund;
- Atlas UK Equity Index Tracker Fund;
- Atlas Retirement Income Drawdown Fund;
- Atlas Ethical Fund;
- Atlas Multi Asset Absolute Return Fund;
- Atlas Passive Multi Asset Fund; and the
- Atlas Shariah Compliant Fund;

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The considered choice of master trust

The table below provides a summary of the voting statistics for the Scheme year for the Default funds:

Fund Name	No. of resolutions eligible to vote	% resolutions voted	% resolutions voted for management	% resolutions voted against management	% resolutions abstained and did not vote
Atlas Multi-Asset Portfolio 1	8,892	95.2%	86.3%	8.2%	5.6%
Atlas Multi-Asset Portfolio 2	8,892	95.2%	86.3%	8.2%	5.6%
Atlas Multi-Asset Portfolio 3	8,892	95.2%	86.3%	8.2%	5.6%

Source: Schroders

*Some rows may not sum to 100% as a result of rounding.



The considered choice of master trust

The table below provides a summary of the voting statistics for the Scheme year for the Self-Select funds:

Fund Name	No. of resolutions eligible to vote	% resolutions voted	% resolutions voted for management	% resolutions voted against management	% resolutions abstained and did not vote
Atlas Active Emerging Markets Equity Fund	1,072	99.1%	90.7%	7.8%	1.5%
Atlas Active Multi Asset Fund	11,052	94.0%	92.6%	11.7%	7.39%
Atlas Asia Pacific (ex-Japan) Equity Index Tracker Fund	3,774	100%	74.2%	25.8%	0.0%
Atlas Emerging Markets Index Tracker	627	100%	95.2%	2.2%	2.6%
Atlas Europe (ex UK) Equity Index Tracker Fund	11,412	99.9%	84.2%	15.3%	0.5%
Atlas Global Equity Index Tracker Fund	78,682	99.9%	84.2%	14.2%	0.9%
Atlas Japan Equity Index Tracker Fund	6,518	100%	86.1%	13.9%	0.0%
Atlas North American Equity Index Tracker Fund	9,495	100%	71.8%	28.2%	0.0%
Atlas Sustainability Equity Fund	5,482	94.4%	91.0%	8.8%	0.19%
Atlas World (ex UK) Equity Index Tracker Fund	37,840	99.8%	80.2%	19.2%	0.6%
Atlas UK Equity Index Tracker Fund	12,574	100%	92.9%	7.1%	0.0%
Atlas Retirement Income Drawdown Fund	114,644	99.8%	81.7%	17.7%	0.6%
Atlas Ethical Fund	761	91.46%	88.0%	2.7%	9.3%
Atlas Multi Asset Absolute Return Fund	8,676	77.7%	92.5%	7.2%	0.6%
Atlas Passive Multi Asset Fund	115,604	99.0%	81.7%	17.7%	0.6%
Atlas Shariah Compliant Fund	1,597	91.6%	87.8%	12.2%	0.0%
Capita Passive Global Equity	78,682	99.9%	84.2%	14.2%	0.9%

Source: Scottish Widows

*Some rows may not sum to 100% as a result of rounding.



The considered choice of master trust

The Trustee also considers how the investment managers voted on specific issues. The Trustee considers 'significant votes' to be either companies with relatively large weightings in the funds members invest in (i.e. are in the top 10 holdings), or where there were shareholder issues that members are expected to have an interest. Some of the significant votes for the year were:

	Apple Inc	Facebook Inc	Microsoft Corp	Samsung Electronics Co Ltd	Taiwan Semiconductor Manufacturing Co Ltd
Resolution	23 February 2021 Proxy Asset Amendments	27 May 2020 Report on Civil and Human Rights Risk Assessment	2 December 2020 Report on Employee Representation on the Board of Directors	17 March 2021 Approve Financial Statements and Allocation of Income	9 June 2021 Approve Business Operations Report and Financial Statements
Legal & General Investment Management	For	For	-	For	For
Schroders	For	Against	Against	For	For
Lazard Asset Management	-	Against	-	-	-
Baillie Gifford	Against	Against	Against	For	For
BlackRock	Against	-	For	For	For

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Comments	Baillie Gifford opposed this resolution as they are already comfortable with the provisions in place. Schroders and LGIM believe the resolution would enhance shareholder rights.	Only LGIM voted in favour of the resolution, with the other managers feeling the report is not necessary.	Baillie Gifford and Schroders are satisfied with the current director selection process.	All managers voted for this resolution; no rationale was provided.	All managers voted for this resolution; no rationale was provided.
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Source: Investment Managers and Proxy Insight

Please note: Not all underlying managers have been included in the table as they hold a very small value of member assets.

How do investment managers implement their votes?

The managers often make use of proxy voting to inform their decision making. The managers use the following organisations as proxies for their voting activity:

Manager	Comment on approach
Legal & General Investment Management	The Governance and Responsible Investment team uses research from ISS, ABI, Glass Lewis together with collaboration with other investors and input from LGIM's own active portfolio managers to reach a conclusion on each resolution.
Schroders	The majority of resolutions Schroders target incorporate specific corporate governance issues which are required under local stock exchange listing requirements.
Veritas	Veritas uses Institutional Shareholder Service (ISS) to execute voting on behalf of clients.
BlackRock	BlackRock uses ISS for vote instruction and they also use proxy research firms for custom recommendations.
Lazard Asset Management	Lazard's proxy voting process is administered by members of its Operations Department and currently subscribes to advisory and other proxy voting services provided by Institutional Shareholder Services Inc. and Glass, Lewis & Co.
Baillie Gifford	The firm's Governance and Sustainability team oversees their voting analysis and execution. Baillie Gifford does not outsource any part of the responsibility for voting to third-party suppliers. They utilise research from proxy advisers for information only.
Dimensional	Dimensional has engaged Institutional Shareholder Services (ISS) to provide information on shareholder meeting dates, research on proxy proposals, and voting recommendations based on our proxy voting policies and procedures. ISS also provides vote execution through its proprietary voting platform.
HSBC	HSBC use ISS for custom recommendations based on their own voting guidelines.
F&C	BMO employs ISS who auto-executes, without further guidance, the majority of votes in accordance with the Proxy Voting Guidelines.

The Trustee is satisfied that the investment managers' voting record on the companies in which their funds invest was aligned with the stewardship policy described in the SIP.

The following funds do not have voting rights attached to them:

- Atlas Active Corporate Bond Fund;
- Atlas Over 15 Years Gilts Index Tracker Fund;
- Atlas Over 5 Years Index-Linked Gilts Index Tracker Fund;
- Atlas Cash Fund;
- Atlas Corporate Bond Index Tracker Fund;
- Atlas Flexible Access Retirement Fund;
- Atlas Inflation-Linked Annuity Target Fund;
- Atlas Level Annuity Target Fund; and
- Atlas UK Direct Property Fund.

Ethical Investing

The Trustee recognises that some members will have strong views on where their pension savings should be invested.

The Scheme offers members a choice of funds which:

- Meet certain sustainability criteria (Atlas Sustainable Equity);
- Ethically screens companies before investing (Atlas Ethical Fund); and
- Allow members to invest in a way that is aligned with their religious views (Atlas Shariah Compliant Fund).

Nevertheless, the Trustee recognises that it is not possible to cater for everyone's views on non-financial/ethical matters.

The Trustee monitors the investments held by the Scheme's ethical investment options. The Trustee also monitors developments in ethical investing funds which could be appropriate to the Scheme's members.

The Trustee's approach to ethical investing has not changed during the last year and they are satisfied that the Scheme offers ethical investment options for members in accordance with the SIP.

Communication and member engagement

The Trustee's approach to communicating the Scheme's investment options and investment governance have not changed during the last year.

During the last year, the Trustee undertook the following to support member engagement and obtain member feedback:

- Ran a member engagement forum;
- Received and analysed member feedback; and
- Created a Web-ex for members, to explain investments and provide reassurance during the COVID-19 pandemic.

The key points to emerge from engagement with members during the last year were:

- Members raised general concerns around market volatility with the onset of the pandemic. This helped to inform regular market updates that were visible through the member portal and provided performance updates and emphasised the significance of long term investment horizons in accepting short term risk.
- Members also raised concerns regarding climate change and what Atlas were doing in this regard. Whilst the Trustee recognise that there are always areas for improvement with regard to climate issues, they are satisfied that they are addressing member concerns by:
 - Introducing two new funds to the range that address target aligned with climate conscious goals; and
 - Notifying members of any changes in the Winter Newsletter.

The Trustee believes that they have sought effective member feedback which has enabled the Trustee to maintain strong conviction in the performance of the Scheme.

Limitations and missing information

The Trustee has been unable to obtain the following information for this Implementation Statement despite requesting it from Scottish Widows in August 2021:

- Voting statistics for the Capita Active Global Equity Fund.
- The Atlas Flexible Pre-Retirement Fund' voting statistics have not been included in the voting statistics table, however all of the underlying equity funds (which make up a minority of the overall fund) are represented in the table.

The Trustee understands that the collection of this data is a common issue in the industry at present and will work with Scottish Widows to make sure that this is available in future.

Looking forwards

In the next Scheme year, which will be covered by next year's Implementation Statement, the Trustee intends to undertake the following actions in relation to the SIP:

- Introduce a section detailing their requirements and responsibilities in relation to the new Taskforce on Climate-related Financial Disclosures (TCFD) requirements.

More information

We hope this Statement helps you understand how the Scheme's investment of your savings for retirement has been managed in the last year.

If you have any questions or feedback, please contact memberenquiries@atlasmastertrust.co.uk



Alan Whalley
Chair of Trustee
16 September 2021