

DC Governance Statement

Statement of the Chairman of the Trustee of the Atlas Master Trust for the period 1st April 2018 to 31 March 2019

This statement is produced in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the Regulations)

The current Trustee Directors of the Trustee are:

- Alan Whalley (Chair of Trustee)
- BESTrustees Limited represented by Penny Green
- PAN Governance LLP represented by Steve Delo.

I hereby confirm that I, Alan Whalley, as one of the three Directors of the Atlas Trustee (Atlas Master Trust Trustee Limited), am the appointed Chair of the Atlas Master Trust (the 'Trust'). In accordance with regulation 23 of the Regulations I hereby confirm, on behalf of the Trustee Board, in relation to the Trust that:

All of the Trustee Directors (including the Chair) are non-affiliated – a structure which surpasses the statutory requirement (which requires only that a *majority* of the Board (including the Chair) are non-affiliated). In broad terms, "non-affiliated" means independent of the service providers and other commercial parties involved in the Trust.

In determining whether a Trustee Director is non-affiliated we have taken account of the detailed legal requirements (in broad summary):

- employment or management relationships with service providers (or connected businesses) in recent times; and
- any payments made or received from a service provider and any more general conflicts of interest between their role as trustee and relationship with a service provider.

None of the Trustee Directors is affiliated (that is, attached or connected to) to the Funder/Founder (Capita plc) or its wider Group (Capita) except by virtue of our appointment as Trustee Directors of Atlas. Similarly, none of us is affiliated to any of our key service providers. All of the Trustee Directors (including the Chair) are therefore "non-affiliated" during the year.

There have been no appointments to the Trustee Board or resignations from it during the period.

Details of the arrangements that were in place throughout the period to encourage members, or their representatives, to make their views about the Trust known to the Trustee are included in the 'Member Engagement' section of this statement.

Default Investment Review

Our Governance Schedule (the Trustee's forward planner of activities and events throughout each year) requires us, and our Investment Sub Committee, to monitor the investment performance of our default investments at each quarterly meeting. It also includes an annual review of our default strategy's continued suitability.

Default Performance Review

As noted above, we review the performance of the investment our default investments each quarter. However, our strategy for our default investment is long-term - members could be invested with Atlas for 50 years or more throughout the accumulation cycle (the time when they are growing their pot) and the decumulation cycle (the time when they are taking money from their pot). Therefore we monitor on a quarterly basis in the main to ensure that Schroders (who are responsible for managing the core funds than create our default strategy) continue to act in accordance with our investment mandate with them (see table below). The mandate allows them the necessary flexibility to invest tactically and strategically in order to achieve the objectives we have set them. Our review is therefore less concerned with short term performance, which we know can be an unreliable indicator of long-term performance success, and more to help us determine if there are indicators of systemic issues we need to be concerned about.

Our Investment mandate with Schroders is for them to manage our three core Multi Asset Portfolios (MAPs). MAP1 has the higher equity weighting, and is therefore the most volatile fund, and MAP 3 has the lowest equity ratio and therefore has the least volatility. The long term strategic asset weightings of each MAP are shown in the table below.

	MAP1	MAP2	MAP3
Global Equity (Unhedged)	40%	30%	20%
Global Equity	40%	30%	20%

(Hedged)			
Global Sovereign Bonds (Hedged)	10%	20%	30%
Global Corporate Bonds	10%	20%	30%

In order to give Schroders the flexibility to seek value and opportunity in achieving the long-term fund objectives, the investment mandate provides for 'room for manoeuvre' by allowing them to hold different weightings within a pre-agreed minimum and maximum range. This includes flexibility to have more or less exposure to exchange rate fluctuations. The Permitted Weightings are shown in the table below.

Permitted Weighting	MAP1	MAP2	MAP3
Global Equity	65% - 95%	40% - 75%	25% to 55%
Bonds	5% to 30%	20% to 50%	40% to 70%
Cash	0% to 20%	0% to 20%	0% to 20%
Sterling Exposure	50% to 100%	60% to 100%	70% to 100%

We ask Schroders to attend the majority of our Investment Sub Committee meetings and their investment reports to us include a narrative of how (and why) they have positioned the portfolios, which allows us to monitor that the mandate has been met. This has enabled us to satisfy ourselves that Schroders have continued to act in accordance with the agreed investment mandate, including maintaining the Permitted Weightings shown in the table above. Despite the disappointing short-term performance that we have experienced over a number of quarters, we acknowledge that the mandate reflects a long-term time horizon and we are satisfied that Schroders have maintained the investment disciplines and style that led us to appoint them last year. We therefore retain our faith that Schroders can deliver the outperformance we anticipate over the longer-term.

Review of the default investment strategy

Because it is so vitally important to member outcomes, our Governance Schedule requires us to monitor performance (as described above) and also to review our default investment strategy each year. Accordingly, the default for the Trust was reviewed by the Board over the course of 2018. The starting point of the review is noted in the

Minutes of the Investment Sub Committee's meeting on 16th May 2018, when the following was recorded:

'It was agreed that Environmental, Social And Corporate Governance should be considered in more detail as there is a growing demand for 'ESG' Funds; it was also noted that there was also a growing expectation from regulators that trustees consider such funds.

Schroders are actively developing propositions in this area and it was agreed the Committee should meet with Schroders to obtain more detail.'

The review continued over the course of the year and included several meetings with Schroders - specifically the team at Schroders which is responsible for their environmentally and socially responsible investment. It included meetings with participating employers and discussions on transitioning the existing investments (including discussions with HMRC about options for reducing stamp duty which – regrettably – proved to be fruitless) and, critically, the timing of when the transition should take place since, as will be recorded for posterity, 2018 and 2019 bore witness to Brexit's tumultuous political and market uncertainty. The transition, as noted below, was finally concluded in April 2019.

As we described in last year's statement, over the course of 2017 we undertook a fundamental review of our default investment strategy. This led to the implementation of a new investment strategy – managed on our behalf by Schroders – which adopts an active, multi asset management style often referred to as 'factor investing'. The objective of our review, as noted in the Minutes of the Investment Sub Committee meeting on 16th May 2018 (see above) was specific: to consider whether to (and if so how to) introduce greater focus on the environmental and social impacts of our investment strategy. This is commonly referred to as Environmental, Social & Governance (ESG) investing.

From this year onwards we are required by law to take into account 'financially material considerations' when investing scheme assets. The law sets out that 'financially material considerations' include (but is not limited to) environmental, social and governance considerations, such as climate change. The type of things we take into account when assessing financially material considerations include the different types of asset classes

and their risk and reward characteristics, liquidity of the funds we invest in, investment fees, legislative charge caps and the age profile and risk tolerances of our membership. As we reported last year, we also take into account different styles of investment management.

We have also carried out a review to take into account non-financial matters in respect of our investments, including but not limited to members' and participating employers' ethical views. We make no apologies for this. It isn't possible to ignore the fact that investing in the global economy necessarily contributes to the environmental threats that our planet faces - global warming, deforestation and desertification, pollution, species extinction, extreme weather patterns and rapid exhaustion of natural resources. Equally, it would be wrong to ignore the fact that some of the industries in which we invest can damage society – the tobacco and gaming industries to name just two. It is naïve to expect poorly governed companies to acknowledge, let alone address, the damage that their actions and products may do to the wider environment and/or society.

Over this reporting period we therefore reviewed the extent to which environmental and societal issues are financially material considerations. Put simply, might it be possible for us to improve our ESG footprint without damaging investment prospects? Or – better – might it even be possible to improve our ESG footprint and improve investment prospects?

Outcome of the review of the default investment strategy

As noted above, our review required us to engage with the team at Schroders to discuss how we can better integrate ESG into our core investment strategy. We had been greatly impressed by how Schroders have introduced a sustainable investment process into their core Multi Asset processes through a new proprietary framework called Sustainex. The Sustainex process evaluates both the positive and negative impacts that companies have on society and the environment. The underlying theory behind the process is based on a simple logic. Companies that are better stewards of the environment and society in which they operate will be valued more highly than those that pay less regard to them. At the same time, there is an expectation that companies that do the most damage will - soon if not today - be penalised financially through triggers such as higher taxes, higher levies and/or clean-up bills. In short, responsible behaviours will be translated into financial reward, and vice versa. So, by investing more heavily in better governed, more responsible companies, and reducing exposure to less well-governed and less responsible companies, Sustainex seeks to improve investment returns and simultaneously encourage company Boards to re-evaluate how they respond to societal and environmental issues.

Importantly, Schroders agreed to adopt the Sustainex process for the Atlas funds they manage without increasing the fees.

In 2019, we updated our Statement of Investment Principles (see <http://www.atlasmastertrust.co.uk/what-is-atlas/atlas-governance>) to reflect our belief that ESG is a material investment consideration that has the capacity to yield superior returns. Given this belief - and the knowledge that Schroders' fees remained unchanged - the Board agreed that canvassing member opinion would serve only to delay implementation, and in April 2019 we completed the switch of the equity components of Atlas' Multi Asset Portfolios into Schroders' sustainable variant - the Sustainable Multi Factor Equity (SMFE) Fund. We wrote to members (and their employers) via a Trustee Newsletter in June 2019 to explain the changes we made.

- Our investment strategy is based on a set of Investment Beliefs which are described in our Statement of Investment Principles (<http://www.atlasmastertrust.co.uk/what-is-atlas/atlas-governance>).
- Our default strategy forms an important part of our Value for Members assessment, which should be read in conjunction with this summary to provide greater detail about the review process.
- Our default strategy is subject to regular reviews to ensure it remains appropriate to the needs of members. We monitor its performance on at least a quarterly basis. It is reviewed both by us and by our Investment Sub Committee. We formally re-assess its objectives and suitability annually, in accordance with our Governance Schedule. Because the average member has a long-term investment horizon, our philosophy is to look at investment growth over the longer-term and therefore whilst we monitor performance on a quarterly basis, we would not expect to take precipitous action (such as replacing a manager) unless performance was poor over a significant period of time and we did not believe the manager can deliver the long-term objectives we have set them.
- One of the Trust's participating employers has, with our agreement, implemented different default strategies for some of their membership demographics. We require this employer to take formal, independent investment advice about these strategies and to share that advice with us so that we can also gauge suitability. We also require them to provide details of their default strategies to members of their section in their Investment Guide, and through other on and off-line collateral. We monitor the performance of defaults in this employer's section in the same way that we monitor the performance of our standard default.
- We review our Investment Beliefs and our SIP annually, also in accordance with our Governance Schedule.

Other key activities over the reporting period

Member Engagement: taking account of member views

Our Governance Schedule includes an annual review of our member communications strategy, including the effectiveness of our investment related communications. Through our Engagement Sub Committee and two engagement forums (see below), we gauge the success of our member engagement strategy (how we communicate with, and provide other support for, our members throughout their Atlas membership). Our Engagement Sub Committee has been tasked with researching more engaging ways of communicating with our members and as a consequence we have developed a number of new initiatives. These include video presentations, an on-line investment learning tool (Invest IQ) developed by our partner Schroders, and a new Financial Wellness toolkit to help members improve their overall financial security. Following a successful trial in 2018, we have now rolled out Video Benefits Statements to a wider membership.

During the reporting period we introduced member surveys. These surveys are intended to encourage members to let us know about their experience with Atlas, specifically with regards to their experience with the Atlas operations team/contact centre. Members are invited to rate their experience numerically and then invited to add some free format comments. We intend to use the results from these surveys to help inform our member engagement policies. One immediate change we have introduced, in response to some justifiable criticism, is to provide in writing the timeline that members can expect when requesting certain types of benefit payments. This year, we have also developed a survey questionnaire which we issued with the Benefits Statements in July 2019. This questionnaire is intended to encourage members to think about their pension (more often and in more detail) and to give us insight into their thoughts, knowledge, aspirations and concerns. It is too soon to reach any conclusions from this survey but we will be formally reviewing the feedback over the coming months and will provide an update in next year's Governance Statement. We do not expect this survey to be a one-off event.

We have further evolved our investment Guides to include simpler imagery to help members better understand the risk associated with different investment options.

Our Member Engagement Forum remains vitally important to us and we encourage as many members as possible to join this (primarily) on-line community to help us understand what we could do better and what members want from us – in particular how and when you wish us to communicate with you. The periodic **Trustee Newsletters** that we send to members provide more information on this forum. We also encourage support from our Participating Employers so that they too can encourage their employees to get involved. Members can join this important community by emailing us at Atlasmemberforum@capita.co.uk.

We held two **Atlas Employer Forums** during the reporting period. These are forums for our participating employers to discuss key issues with us. These are an excellent opportunity for employers to represent the views and comments of their own workforces. Invitations are sent to all participating employers ahead of each scheduled meeting.

Trustee and Sub Committee meetings

Over the reporting period we held:

- Seven Trustee meetings;
- Five Investment Sub Committee meetings;
- Four Engagement Sub Committee meetings;
- Four Risk & Operations Sub Committee meetings;
- One Risk & Operations Sub Committee Working Group meeting.

Our Discretions and Appeals Sub Committee, which deals primarily with the payment of death benefits to beneficiaries, meets on-line in order to speed-up the decision making process.

At least one Trustee Director is a member of each of our Sub Committees. Paul Trickett, the Chair of our Investment Sub Committee is, like the Trustee Board, independent of and unaffiliated with Capita Group and any of Atlas' service providers. The remaining Sub Committee members are drawn from the Atlas Executive.

The Trustee Board and Sub Committees meet regularly between formal meetings via email, telephone and in person. We consider that our time-commitment to Atlas and our desire to involve ourselves on a day to day basis is a key attribute of our governance style.

Master Trust Authorisation

Our Master Trust authorisation application was unquestionably our most significant project over the reporting period.

As we noted in last year's Governance Statement, all Master Trusts operating in the UK must be authorised by The Pensions Regulator (TPR). If they are not authorised, they will be required to close to new business and stop accepting members' contributions, transfer members' benefits to another provider and to wind-up. To become authorised,

Master Trusts must demonstrate, to TPR's satisfaction, that they are financially sustainable, have robust administration and governance capabilities and are run and operated by appropriate persons with the right collective skills and knowledge. The criteria set by TPR were necessarily high, to ensure that members' interests are protected now and in the future. Testimony to this is the fact that only around half the Master Trusts in existence when the authorisation process began chose to go through the process. The others decided that they could not meet the required standards, and have either exited the market or are in the process of doing so.

Our submission (in March 2019) and supporting evidence ran to many hundreds of pages and took several months to compile. Even after the submission, for a period of almost three months, we were in regular contact with the team at TPR responsible for reviewing our submission, providing further explanations and evidence. This serves to demonstrate the rigor underlying the authorisation process and we are therefore delighted that Atlas became authorised from August 2019.

Core Financial Transactions

Core financial transactions include transactions such as investment of contributions, transfers in and out of the Trust, payments from the Trust to members and transfers/switches of assets between different investments. These are vitally important transactions which we therefore monitor carefully for both accuracy and process timing. We monitor these transactions through;

- Our Risk & Operations Sub Committee
- Administration Reports reviewed at each quarterly Board Meeting (we may ask for more frequent reports if we have any cause for concern)
- Through Atlas' Head of Operations, who is in frequent (often daily) contact with our operations team.

We are pleased to report that all core financial transactions throughout the period have been processed by Capita promptly and accurately and in accordance with the Service Level Agreements (SLAs) that we have in place. A summary of the performance of core financial transactions against SLAs is shown below.

Month	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
SLA	99%	100%	98%	99%	97%	99%	99%	100%	100%	97%	99%	93%

Bank reconciliations are performed daily and payments out are requested and authorised by two different people to improve accuracy and reduce fraud and error risk. All such transactions are monitored and reported quarterly through the formal Service Level Agreements we have in place with Capita Employee Solutions.

As we reported in last year's Chair's Statement, during the reporting period we became aware that one of our new Participating Employers had not met their legislative time frames for paying contributions to Atlas. On investigation, the cause of this was attributed to their unfamiliarity with the payroll process, since they had hitherto been a subsidiary company of a larger Group which had previously taken responsibility for its payroll duties. No contribution exceeded the 90 day late period that automatically triggers a notification to The Pensions Regulator. We are pleased to confirm that the situation is resolved through additional training provided by Atlas' administration team and that all payroll contributions are being paid in accordance with legislative timeframes.

Also during the last reporting period, the Trustee exerted considerable pressure on Capita Employee Solutions Limited when Service Levels deteriorated, such that all backlog is now cleared and levels are currently above the agreed levels. The pressure we exerted included discussions with senior managers and Board Directors, a requirement for weekly reporting and various process improvements.

In 2018, Scottish Widows announced that, subject to regulatory approval, they intended to buy Zurich's UK pension businesses, including the investment platform that Atlas uses. Regulatory approval has been granted and the transition to Scottish Widows was effective from 1st July 2019. All investments are now managed on an investment platform operated for Atlas by Scottish Widows, who completed their acquisition of Zurich Assurance in July 2019. The Service Level Agreement we previously had in place with Zurich has continued unchanged with Scottish Widows and service has been maintained throughout the transition.

Each year, we meet with senior managers of Scottish Widows (previously Zurich) to enable us to discuss subjects such as operational integrity, staffing levels devoted to Atlas and key risk controls, including the IT and operational interface with Capita's

administration platform. At the September 2018 Board meeting, Scottish Widows management representatives were invited to discuss subjects such as the acquisition of Zurich, including ongoing staffing levels dedicated to Atlas, transition to the new platform and future investment in platform technology. Our Risk & Operations Sub Committee has been given responsibility for investigating Scottish Widows' Cyber Security and Business Continuity Recovery controls and processes to ensure that there is no deterioration from the controls that Zurich had in place.

Our Master Trust Assurance Framework ("MAF") Report provides further details about how Capita manages and controls core financial transactions, and about the oversight we apply as part of our own control framework, including an annual review by our Risk & Operations Sub Committee. Our latest MAF report is available at <https://www.capitaemployeesolutions.co.uk/application/files/7915/6881/8338/at18015-atlas-master-trust-aaf-report-pr.pdf>

Charges

Atlas charges members a percentage of their pension pot for running the Trust. This includes administration and investment, professional advisory fees (for example, legal and investment advice) Trustee fees, statutory and assurance audits and regulatory fees such as the TPR levy and Fraud Compensation levy.

The percentage charge to members is calculated on an 'underwritten pricing model'. This means that the charge reflects each employer's specific financial metrics (that is, the number of members in their section, their average age, average size of contributions and any assets to be transferred-in). Generally speaking, there is a lower charge for members who work for larger organisations due to the economies of scale. This leads to the structure whereby there are different fund series.

Some organisations may choose to pay a fee direct to Atlas, which has the effect of lowering (or eliminating altogether) the percentage member charge that would otherwise have been levied. The charge in respect of all investment options available to members of each section, is described in the Investment Guide for that section. The annual percentage charged (Total Expense Ratio) depends on the members' section and their selected investment fund.

Investment Transaction Costs

Transaction costs play a vital role in the investment returns that members receive. These are the costs incurred by investment managers in pursuit of their investment

objectives. They include activities such as buying and selling stocks, taxes payable on stock purchases, commissions to third parties and costs of third-party investment research. Different investment managers and funds have different investment objectives, and therefore transaction costs can and do differ significantly – not just between different investment funds but also within the same fund over a period of time. That is, transaction costs in any particular investment fund in year two may be more or less than the transaction costs incurred in year one, and so on.

The Trustee has long been an advocate of the ongoing regulatory work to better identify investment transaction charges. Without a better understanding of such charges, neither we nor our members can adequately understand whether a particular investment offers good value. We therefore support the principles of full transparency of costs and charges that are now enshrined in legislation. Over the course of this year we have engaged with (in particular) Scottish Widows to ensure that the transaction costs information we need is indeed available and can be disclosed to members in the timeframe and the format required by legislation. This information, including some illustrative examples of the effect of these charges, is now available to members at;

<http://www.atlasmastertrust.co.uk/your-money-with-atlas/investment-charges>

There are 7 fund series. To identify which one is relevant for you, the section name is included alongside the relevant fund series. Members can request paper copies of this costs and charges information, although the Trustee is not obliged to provide a hard copy if they have good reason to believe that the member can access the information they require from the website.

Each of the investment managers we have appointed has been able to provide the transaction cost data we require in the format we require it in, which satisfies the relevant legislation. We will continue to monitor this situation and would consider removing and replacing any manager that could no longer comply with this requirement.

Members can also ask us for the International Securities Identification Number (ISIN) of the fund or funds in which they invest. This is a unique reference number for each of the pooled investment funds available to members which will enable them to obtain more detailed information about these funds, including their objectives and performance.

You can get this information by contacting the Atlas Administration team on 03451213389 or by email at memberenquiries@atlasmastertrust.co.uk. Alternatively, you can write to them at PO Box 555, Stead House, Darlington, DL1 9YT.

Charges for Default Funds fall within the maximum statutory charge cap of 0.75%.

The charges applicable to all the investment options that members can choose from can also be found in the Investment Guide for their section, and in annual Benefits Statements.

Fair charges are an integral part of our annual assessment of Value for Members.

Reviewing our service providers

We review our service providers regularly. In the case of our three core service providers (Capita, Schroders and Scottish Widows), we review key data at least quarterly. Other service providers (for example, legal advisers and auditors) are formally reviewed on an annual basis.

The Service Level Agreements we have in place with Capita Employee Solutions help to ensure that core processes and benefit payments are accurate and timely. We review interactions that our operations team has with members – complaints in particular – to see how we can improve the member experience. We have given our Discretions and Appeals Sub Committee a specific remit to undertake root cause analysis of complaints to identify any common issues at the heart of member dissatisfaction. We regularly review the performance of our selected investments, to ensure they are performing in accordance with the objectives we have set, and to act as an early warning system if things are not going as expected. We do this with the support of, and advice from, our investment adviser (Capita Employee Benefits (Consulting) Limited), and with regular reports from Zurich which are reviewed by both our Investment Sub Committee and the Trustee Board.

Trustee Knowledge and Understanding

Each Trustee Director is required to demonstrate that he or she meets The Pensions Regulator's Trustee Knowledge and Understanding requirements. Each Trustee Director is classified as a Professional Trustee, as defined by The Pensions Regulator, and therefore subject to higher professional standards.

We have a Fitness and Propriety Policy which we review annually, in conjunction with an annual review of the Board's effectiveness (last undertaken in January 2019) where, through a process of self-evaluation and with input from others, we seek to identify any gaps in our skills and knowledge, and develop plans to remedy any such deficiencies. We

also review the effectiveness of the Executive team and Sub Committees that support us. To help our effectiveness evaluation, we utilise skills questionnaires modelled on guidance from The Pensions Regulator to which we then apply a peer review process. On a more regular basis, we use each quarterly Board meeting to determine whether we, as a Trustee body, with support from our Executive team and various advisers, have sufficient skills and knowledge to undertake each of the activities scheduled in the coming months. We can therefore address any skill or resource shortage ahead of the planned activity.

Our evaluation is at both the individual and collective (Board) level. That is, we review the skills and knowledge of each Trustee Director and we then apply that to an evaluation of the Board's collective skills and competence using our Governance Schedule as a reference.

On an annual basis we evaluate Board effectiveness by reflecting on the events over the year and how well we dealt with them.

We retain a matrix of the skills we require as a Board and we review that matrix on an annual basis to see whether or not the changing environment requires us to enhance the Board with new skill sets which we can achieve either by training or by appointment. The matrix comprises over 60 questions based around our Behaviours, Accountabilities, Knowledge and Understanding, Scheme-Specific Knowledge, Skills and Experience.

We also have a Fitness and Propriety Policy. This requires that each Trustee Director meets the following standards, both immediately prior to appointment and while holding office:

- That they are familiar with Atlas' Trust Deed and Rules and understand the roles, responsibilities and powers of the parties thereto. All relevant documents, including the Trust Deed and Rules, are available to the Trustee 24/7 through an online filing system, thereby supporting a working knowledge of these documents. The Trustee is also familiar with all other key documents, including the Statement of Investment Principles and our various policies. Review of the Statement of Investment Principles is undertaken with professional advisers, which supports a working knowledge of that current document.
- That they understand the basis of the service contracts with each of Atlas' service providers and the key responsibilities and accountabilities of each of those providers. These are also available to the Trustee 24/7 through an online filing system.

- The Trustee has a number of policies including policies on Investment Beliefs, Value for Members, Fitness and Propriety and Dispute Resolution. It reviews these policies annually, in accordance with the Governance Schedule, thereby supporting a working knowledge of these policies.
- That they possess appropriate experience, educational or professional qualifications, including The Pensions Regulator's Trustee Toolkit certificate or equivalent.
- That they can demonstrate a high degree of knowledge about Defined Contribution pension provision in the UK including, but not limited to, law and regulation, funding and investments, communication methodology, scheme design and scheme administration. The Trustee's legal adviser provides updates prior to Trustee meetings (supporting a working knowledge of the law relating to pensions and trusts, and current developments that the Trustee Directors should be aware of).
- That they have experience of managing a variety of pension service providers, including monitoring and assessing their performance.
- That they possess independence, integrity and authority, sufficient to challenge service providers and/or scheme founders or participating employers if and when necessary. (By way of example, and as noted earlier in this report, the Trustee exerted considerable pressure on Capita Employee Solutions Limited when Service Levels deteriorated, such that all backlog is now cleared and levels are currently above the agreed levels. We also appointed a different investment adviser to support us during our transition to the new default, as we believed that they possessed better experience in this area than our existing adviser.)
- That they can display a high degree of competency in their concurrent and previous roles, and are known and respected by their peers.
- That they can demonstrate at all times integrity, honesty and sound ethical character.
- That they have not been reprimanded, disqualified or removed by a professional or regulatory body in relation to questions of honesty, integrity or business conduct.
- That they understand and can reinforce a strict compliance, risk awareness and good governance environment.
- That they have not been involved in the management of a company that has failed as a result of deficiencies in the execution of their role in the management of that company during their tenure.
- That they have not been the subject of civil or criminal proceedings in relation to the management of a company.

- That they have not been the subject of a serious criminal conviction.

As part of the authorisation process referred to above, we were required to submit to The Pensions Regulator (TPR) details of all Trustee Directors and other key staff involved in managing Atlas. TPR subsequently assessed the fitness and propriety of these individuals as part of the Fitness and Propriety regime and will continue to do so on an ongoing basis.

Our Business Plan over the next two years anticipates no new appointments to the Trustee Board. As and when new appointments are made, the incumbent will be subject to the same Fitness and Propriety policy as noted above. Any training needs will be identified and a formal training plan will be drawn up and implemented within a timeframe approved by the Trustee Chair. Induction training will be provided within the first month of appointment to include familiarisation with the Trust Deed and Rules, the Statement of Investment Policy, all other Trustee Policies and Beliefs and familiarity with each of the service providers and the metrics by which we monitor and review them. A key requirement will be that the new Trustee Director will be required to obtain The Pension Regulator's Trustee Toolkit certificate within six months of appointment, assuming that they do not already hold it.

The Master Trust authorisation regime has introduced a new term – 'Scheme Strategists'. These are people who are primarily responsible for the commercial direction of a master trust, ensuring that it achieves the targets set out in its Business Plan and updating the Business Plan on an ongoing basis to reflect actual experience and the changing environment. Strategists can perhaps best be thought of as commercial directors.

Unusually (perhaps even uniquely), we at Atlas have chosen to name each of the Trustee Directors as a Scheme Strategist, in addition to the other three individual Strategists. We did this in the belief that delivering value for members will, from time to time, require us to get involved in commercial decisions. This commercial role is different to a traditional trustee role and we have therefore identified additional training needs which we have scheduled into our training requirements. These include gaining and maintaining an understanding of the costs involved in running a master trust, and how these costs flow into the actuarial model that calculates fees paid by members, and gaining and maintaining relevant knowledge of the commercial pensions market, including our Master Trust competitors.

As noted above, our Governance Schedule also requires us to 'forward plan' for activities that are scheduled to be undertaken over the following quarter in particular but also over the year ahead, to ensure we have the right balance of skills and knowledge to carry out

those activities, or to give us the opportunity to make timely contingency plans – such as additional training - where appropriate. We receive regular updates on the law and regulation that impact defined contribution pension schemes like Atlas. We regularly engage with The Pensions Regulator and Department of Work and Pensions on policy matters, and to help influence better outcomes for members. We do this directly and through the Atlas Executive.

Each of us Trustee Directors is defined as a Professional Trustee. Two of us, Steve Delo and Penny Green, are representatives of Independent Trustee companies (PAN Governance LLP and BESTrustees Limited respectively) which are subject to stringent Training and Competence obligations. PAN Governance LLP is part of the PAN Group, which operates extensive control processes for its business, which include an Assurance Framework Supplement as specified by The Pensions Regulator. This applies formally to PAN Trustees Limited (of which Steve Delo is a director) and the control procedures for which are informally adopted by PAN Governance LLP. Strict fitness and properness and professional development criteria applies to all members of PAN Governance LLP. Similarly, BESTrustees Limited operates extensive control processes for its business, which also includes an Assurance Framework, and employs strict fitness and properness criteria and CPD programmes.

As Chairman, I am a Fellow of the Institute and Faculty of Actuaries and subject to its Professional Codes of Conduct regime and CPD regime. Each of us Trustee Directors is a Fellow of the Pensions Management Institute, and subject to the Professional Codes of Conduct of that regime.

The Trustee also employs professional advisers (Capita Employee Solutions, Pinsent Masons, Scottish Widows and Crowe) to provide appropriate advice and support services to ensure that scheme governance, controls, skills and knowledge remain current and meet the expectations of Regulators and our scheme members. The Trustee is empowered to commission additional advice from other professional advisers as it sees fit.

Atlas is accredited with the Audit Assurance Framework 02/07. This is an independent audit of Atlas' control environment which includes an audit of our controls around Trustee Fitness and Propriety. The latest report is available on line at;

<https://www.capitaemployeesolutions.co.uk/application/files/7915/6881/8338/at18015-atlas-master-trust-aaf-report-pr.pdf>

The combined knowledge and understanding of the Trustee and its advisers enabled the Trustee to properly run the Trust, in the year, as follows:

- Trustee Directors are able to challenge and question advisers, committees and other delegates effectively.
- Trustee decisions are made in accordance with the Trust's rules and in line with trust law duties.
- Trustee Directors' decisions are not compromised by such things as conflicts.

Considering actions taken individually as individual Trustee Directors and collectively as a Trustee Board, and the professional advice available, I am confident that the combined knowledge and understanding of the Trustee Directors enables us to properly exercise our functions as the Trustee of Atlas.

Signed for and on behalf of the Trustee of the Trust by Alan Whalley in my capacity as Chair of the Trustee.



.....

Alan Whalley
Chair of the Trustee

Date: 13th September 2019