

# financial update

## Atos UK 2019 Pension Scheme

Summary Funding Statement - December 2024



Enter...

# Update on the Scheme's financial position

Welcome to the Summary Funding Statement from Atos Pension Schemes Limited (the Trustee). This update will be produced regularly for members of the Atos UK 2019 Pension Scheme (the Scheme) to provide an update on the Scheme's financial position.

Every three years, the Scheme's Actuary carries out an actuarial valuation – a review as at 31 December of how much money the Scheme has, compared with how much the Trustee believes is needed to pay all benefits that have been earned by members. It essentially acts as an indication of the 'health' of the Scheme. Annual updates are completed by the Scheme's Actuary in between actuarial valuations.

We are delighted to confirm that the Trustee and Company have now reached agreement on the Scheme's actuarial valuation as at 31 December 2022, including moving to a stronger, more prudent funding basis, and the Company committing to paying £19.6m per year of deficit reduction contributions into the Scheme until the deficit on this new stronger basis is projected to be removed in September 2032. Further details are set out later in this statement.

The results of the Scheme's actuarial valuation, undertaken as at 31 December 2022, are set out on page 3. We also share with you the estimated funding position as at 31 December 2023 – this allows for movements in financial markets, but it is not a full actuarial valuation. The next full actuarial valuation is due to take place as at 31 December 2025 with the next annual update due as at 31 December 2024.

## Taskforce on Climate Related Finance Disclosures (TCFD) statement

Each year, the Trustee produces a report to explain how it is acting to identify, assess and manage climate-related risks and opportunities which may affect the Scheme's ability to pay member benefits as they fall due. You can read the Scheme's TCFD report at: <https://www.atos2019scheme.co.uk/resources/taskforce-on-climate-related-finance-disclosures-statement-year-ended-31-december-2023/>.

Alternatively a hard copy of the most recent TCFD report is available upon request.

## Reducing our carbon footprint

Don't forget – you can choose to receive these financial updates electronically rather than in printed format by contacting the Scheme's administrator (contact details below).

## Get in touch

If you have any questions about the information provided in this update, please get in touch. We'd also like to hear from you if you have any general questions about your pension, or if your address or any other details change so that we can keep in touch! The Scheme's administrators are Hymans Robertson.

You can contact us at:

Atos UK 2019 Pension Scheme  
C/O Hymans Robertson  
Administration Team  
PO Box 27169  
Glasgow, G2 9NE

### Helpline:

Telephone 0121 212 8151  
Email [atos@hymans.co.uk](mailto:atos@hymans.co.uk)



## How does the Scheme work?

The Scheme is what is known as a defined benefit pension scheme. Generally, your pension will be based on your length of service within the Scheme and your salary. Atos IT Services UK Limited (Atos UK) also pays contributions so that members' benefits can be paid as and when they fall due, and to also cover the expenses of running the Scheme.

These contributions are held in the Scheme and invested by the Trustee with help from professional advisers. Benefits are paid from the Scheme.

Whilst Atos UK is legally responsible for funding the benefits earned by members, its parent company, Atos SE, has formally committed to provide additional financial support should Atos UK be unable to provide the support required and has put in place a parent company guarantee in relation to the Scheme.

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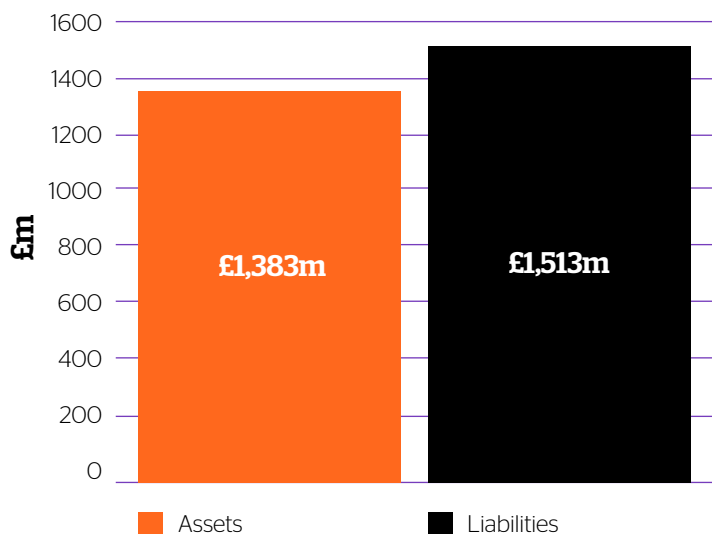
# The Scheme's financial position

## Completion of the 31 December 2022 actuarial valuation

The Trustee wrote to you in July 2024 to explain that the Scheme's actuarial valuation as at 31 December 2022, originally due to be finished by 31 March 2024, had not yet been completed. As part of the actuarial valuation process the Trustee must form a view on the strength of the employer covenant – an assessment of the employer's ability to provide additional funds to the Scheme if they are needed to meet the cost of providing the benefits that have been earned by members. The July letter explained that as Atos SE was restructuring its business, it took the Trustee longer than normal to assess the financial support that can be provided to the Scheme. The Trustee worked with Atos UK management to progress the valuation and provided regular updates to the Pensions Regulator. Following the finalisation of Atos SE's refinancing package in November 2024, the Trustee and Atos UK were able to agree the valuation assumptions and results, and the recovery plan including £19.6m per year of deficit reduction contributions into the Scheme. Further details are set out later in this statement. Copies of the previous communications and the FAQ summary are available on the Scheme website <https://www.atos2019scheme.co.uk/>

### The results of the 2022 valuation

The chart below shows the results of the actuarial valuation as at 31 December 2022.



The results include £36 million of AVCs and other money purchase benefits at 31 December 2022.

At the valuation date of 31 December 2022, the Scheme had £130 million less than it would need to pay all promised benefits to all Scheme members. This is known as a deficit and means that the Scheme was 91% funded at that date.

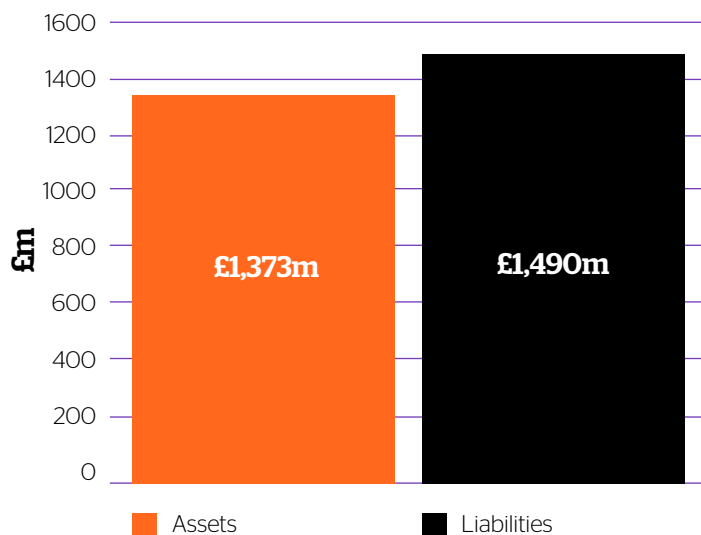
The previous valuation completed as at 31 December 2019 showed that the Scheme had a deficit of £21 million and was 99% funded at that date. The key reason for the reduction in the funding level of the Scheme is because the Trustee and Atos UK have agreed to adopt more prudent assumptions for the purpose of this valuation, which in turn increases the amount of the liabilities. Had the valuation as at 31 December 2022 been completed using assumptions which were set consistent with 2019, the Scheme would have been fully funded rather than in deficit.

### What steps are being taken to remove the shortfall?

Following the Scheme's actuarial valuation, Atos agreed with the Trustee to aim to remove the deficit by 30 September 2032 through investment returns expected to be achieved on the Scheme's assets over that period and 93 monthly payments of £1,633,333, with the first payment due by 31 January 2025, and the last payment due by 30 September 2032.

### How did the funding level change over the year to December 2023?

The Trustee monitors how the funding level changes after each full valuation. As at 31 December 2023 we estimate that the funding position is as follows:



The results include £37 million of AVCs and other money purchase benefits at 31 December 2023.

At this date, the Scheme had £117 million less than it would need to pay all promised benefits to all Scheme members.

The Scheme's funding level is estimated to have increased from 91% at the previous valuation to 92%. The main factor contributing to this change is that the Scheme's investments have fallen but to a smaller degree than the fall in liabilities due to changes in market movements, i.e. the Scheme's investments have outperformed the liabilities over the year.

**Continued...**



## What would happen if Atos UK could not continue to support the Scheme?

If Atos UK could not continue to financially support the Scheme, it would be wound up and you may not receive your full benefit entitlement. We are required, by law, to tell you what this would mean for you if this were ever to happen.

If the Scheme were wound up, we would seek to buy insurance policies to cover members' benefits. Our Actuary estimated that, as at 31 December 2022, the Scheme would have a shortfall of £320 million against the estimated cost of buying insurance policies for all members' benefits. The Scheme is in a larger shortfall on this basis compared to the funding level shown on page 4 because the estimated cost of buying insurance policies is more expensive than paying benefits from the Scheme.

Insurers are obliged to take a very cautious view of the future and also aim to make a profit. The cost of securing pensions in this way also includes future administration expenses. If the Scheme were wound up and there was insufficient money to secure all pensions with an insurance company, Atos UK would be required to pay the difference. If it was insolvent and unable to do so (having taken into account any payment received under the terms of the parent company guarantee), the Pension Protection Fund (PPF) could take over and pay compensation to members. You can read more about the PPF in the section headed 'Useful information' on page 7.

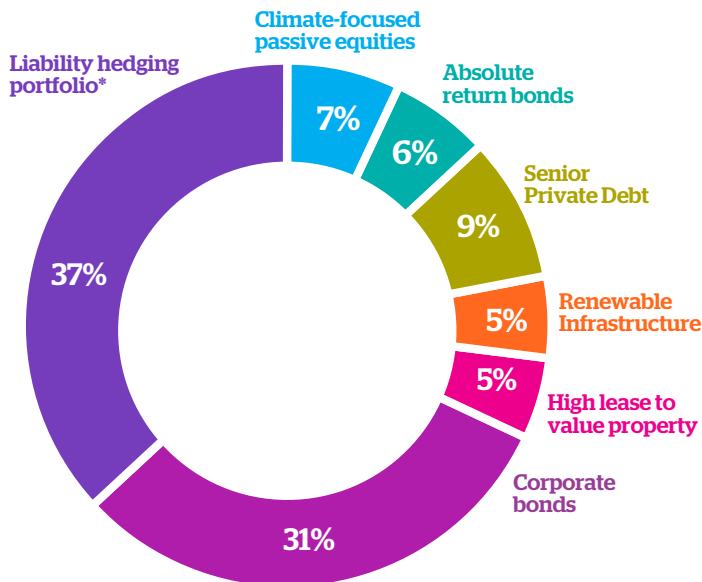
## Have there been any payments to Atos UK from the Scheme?

There has not been any payment to Atos UK out of the Scheme since the date of the last Summary Funding Statement.

## How are the Scheme's assets invested?

The contributions paid into the Scheme by Atos UK are invested with the aim of increasing their value over the long term and providing income that can be used to pay for promised benefits in the future. We invest in a range of assets we believe will give us the best investment return at an acceptable level of risk, and also provide us with a flow of cash to ensure we can fund instalments of Scheme members' pensions as they fall due.

The Trustee sets a long-term strategic asset allocation for the Scheme's assets. The chart below displays the strategic asset allocation in place as at 31 December 2023. Due to several factors, including investment market changes and Trustee actions to manage risk, the actual asset allocation at any point in time may differ from this strategic asset allocation. For definitions of these assets, please refer to the 'Jargon buster' on page 6.



\* This investment performs in a similar way to some of the Scheme's liabilities when interest rates or inflation change. Whilst this asset represents only 37.0% of the Scheme's assets, it is able to reflect almost the entire sensitivity of the Scheme's liabilities to changes in interest rates or inflation. In this way, it offers some protection for the Scheme's funding level.

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# Jargon buster

## Actuary

Actuaries are qualified professionals who use their knowledge and experience to forecast how long pensions are expected to be paid for, and the associated costs of providing them.

## Funding level

The funding level is a measure of the amount of money the Scheme has (its assets) compared to the amount it needs to pay all promised benefits to members when they fall due (its liabilities). It is usually expressed as a percentage, so a funding level of less than 100% shows that the Scheme has a shortfall of assets compared to its liabilities.

## Equities

Generally speaking, shares in companies. The holders of the shares in a company together own the business. They usually receive a payment from the profits of the business.

## Climate-focused passive equities

Passive equities are a type of strategy which invest with the aim of tracking the return of a benchmark index. An index is some defined set of companies based on a set of criteria.

Climate focused passive equities are a type of strategy where the criteria used to define the benchmark index includes specific climate-related criteria, for example excluding companies which generate revenue from activities in relation to fossil fuels.

## Corporate bonds

These are issued by companies as a way of raising capital, which they can then re-invest in their business. They have a set face value, which is the amount that will be returned to the investor on a stated future date (the redemption date). They may also attract interest each year - which is often at a fixed rate.

## Senior private debt

A form of corporate debt ranking above other debt on insolvency of the issuing company, hence generally considered to be a lower risk investment. The private aspect means the debt is not traded on a public market.

## Absolute return bonds

These are a type of strategy which invest across various types of bonds, including those issued by both companies and governments. The aim is to generate a stable return by investing opportunistically based on market events and relative value between different bonds.

## High lease to value property

This is a type of property investment where the lease on the property is long, with an agreed rental income that is typically linked to inflation and not affected by market fluctuations. A significant proportion of the return comes from the rental income.

## Liability hedging

An investment strategy specifically implemented to have similar characteristics to the Scheme's liabilities such as moving in a similar way to liabilities when inflation and interest rates change.

## Renewable Infrastructure

This refers to the physical assets used to generate and distribute renewable energy. Investing in renewable infrastructure means investing in projects that build and maintain these assets, aiming to support the transition to cleaner energy and provide stable long-term returns for investors.



# Useful information

## Finding a financial adviser

If you are thinking of making any changes to your pension arrangement, we recommend you get advice first. Neither the Trustee nor its advisers can give financial advice, but a financial adviser can. For a list of advisers go to:

<https://www.unbiased.co.uk>

## Money Advice Service

Use this website for interactive tools and information about pensions and money. Visit the site at:

<https://www.moneyadvice.org.uk>

## Money and Pensions Service (MAPS)

MAPS is an independent voluntary organisation that aims to provide information and to help members with pension queries. They will provide guidance and general information on pensions.

MAPS can be contacted at: Money and Pensions Service, Borough Hall, Cauldwell Street, Bedford, MK42 9AB.

Visit their website at:

<https://www.maps.org.uk>

## The Pensions Ombudsman (TPO)

The Pensions Ombudsman is appointed under the 1993 Pension Schemes Act. The Ombudsman's Office may investigate and settle complaints. They will help you if you have difficulty resolving a query that you cannot resolve with the Scheme Administrators. TPO can be contacted at:

10 South Colonnade,  
Canary Wharf, E14 4PU.  
Phone: 0800 917 4487  
Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

## GOV.UK

The Government's website has information about pensions, savings and other money matters. Visit the site at:

<https://www.gov.uk>

## Pension Protection Fund (PPF)

The Pension Protection Fund aims to provide compensation to members of defined benefit schemes if their employer goes out of business and the scheme does not have enough money to pay the benefits promised.

The compensation provided by the PPF is not intended to completely replace a member's pension, but should the scheme get into difficulty and enter the PPF, PPF compensation aims to provide members with the majority of their benefits. For full details about the PPF visit:

<https://www.ppf.co.uk>

## The Pensions Regulator (the Regulator)

The Regulator aims to help protect members' benefits. The Regulator acts as a watchdog, ensuring that employers and trustees are fulfilling their responsibilities and that schemes are being run effectively. The Regulator is also able to help trustees and administrators run their schemes where necessary.

To date, the Regulator has not intervened to modify the Scheme's rules or impose any directions or a Schedule of Contributions. Visit their website at:

<https://www.thepensionsregulator.gov.uk>





## Documents available on request

The following documents provide more detailed information on the Scheme.

### ▶ **Statement of Investment Principles (SIP)**

This explains how the Trustee invests the money paid into the Scheme.

### ▶ **Statement of Funding Principles (SFP)**

This sets out the Scheme's funding plan.

### ▶ **Recovery Plan**

This explains how the funding shortfall is to be addressed.

### ▶ **Schedule of Contributions**

This shows how much money is being paid into the Scheme.

### ▶ **Annual Report and Accounts**

This shows the Scheme's income and expenditure in the last Scheme year.

### ▶ **Actuarial Valuation**

This provides details of the Scheme's assets and liabilities at a given date.

### ▶ **TCFD Report**

This explains how the Trustee is acting to identify, assess and manage climate-related risks and opportunities which may affect the Scheme's ability to pay member benefits.

If you would like a copy of any of these documents, or if you have a question about the Scheme or the information in this statement, please contact:

**Email: [Atossecretarial@xpsplc.com](mailto:Atossecretarial@xpsplc.com)**