Atos UK 2019 Pension Scheme

Annual Report & Financial Statements
31 December 2023
Scheme Registration number 12016617

Contents

Section 1 – Trustee and its Advisers

The Trustee

The Trustee of the Atos UK 2019 Pension Scheme is a Corporate Trustee, Atos Pension Schemes Limited.

Directors of the Trustee Company

Independent Governance Group (formerly Independent Trustee Services Limited)

CPV Martin

Secretary to the Trustee	R Harris XPS Pensions Group 11 Strand London WC2N 5HR

Advisers

The advisers to the Trustee are set out below:

Actuary	M Bell, FIA Willis Towers Watson
Auditor	KPMG LLP
Legal Adviser	CMS Cameron McKenna Nabarro Olswang LLP
Covenant Adviser	Ernst & Young LLP
Administrator	Hymans Robertson LLP
Administration Project Support	Isio Group Limited (from 24 July 2023)
Investment Consultant	Redington
Investment Managers (Defined Benefit section)	Amundi Asset Management Hermes Investment Management Limited Insight Investment Management (Global) Limited Legal & General Investment Management Limited Mercer Implemented Investment Solutions Limited Mirova Limited Pimco Limited Schroders Plc Stonepeak Limited
Investment Manager (Defined Contribution section)	AEGON Scottish Equitable Life
Custodian	JPMorgan Chase Bank
Banker	Barclays Bank plc

The Trustee and Advisers (continued)

Additional Voluntary Contributions ("AVC") Providers	Standard Life Assurance Company Utmost Life Pensions
Annuity Providers	AEGON Scottish Equitable Phoenix Life
Principal Employer	Atos IT Services UK Limited

Section 2 – Trustee's Report

The Trustee of the Atos UK 2019 Pension Scheme ("the Scheme") is pleased to present their report together with the audited financial statements and actuarial statements of the Scheme for the year ended 31 December 2023. The purpose of the report is to describe how the Scheme and its investments have been managed during the year.

Management of the Scheme

Constitution of the Scheme

The Scheme is registered with Her Majesty's Revenue and Customs for the purposes of the Finance Act 2004, and is governed by a Definitive Trust Deed, dated 18 June 2019. The Scheme is closed to new entrants, and future accrual is limited to those members who retain a contractual entitlement to a defined benefit pension.

The Scheme is a mixed benefit arrangement and was established to enable the assets and liabilities of the Atos (Sema) Pension Scheme, the Atos Pension Fund and the Atos CS Pension Scheme (collectively, "the Legacy Schemes") to be consolidated into a single arrangement. The transfer of the assets and liabilities from the Legacy Schemes was completed on 1 November 2019.

On 31 December 2020 the Trustee completed a bulk transfer of the assets and liabilities of the Atos UK 2011 Pension Scheme ("the 2011 Scheme") to the Scheme. The transfer included all of the 2011 Scheme members with the exception of those employed by Syntel Europe Limited ("SEL"). The transfer of assets and liabilities for the SEL members was completed on 8 January 2021.

The Scheme has been established on a sectionalised basis, and there are two sections. The Original Section contains two members, both of whom commenced active accrual in the Scheme on 1 November 2019 and became deferred members on 30 November 2019. The Transfer-in Section includes those members whose accrued benefits were transferred to the Scheme from one of the Legacy Schemes on 1 November 2019 or the 2011 Scheme on either 31 December 2020 or 8 January 2021. On 15 September 2021 the Trustee de-sectionalised the Scheme by closing the original section and transferring the benefits into the Transfer-in Section.

Management of the Scheme

Atos Pension Schemes Limited ("the Trustee") has been appointed as the Trustee of the Scheme and is responsible for oversight of the invested assets and for making sure that the benefits earned by members are calculated and paid in accordance with both the Scheme rules and broader pensions legislation. The Trustee is responsible for safeguarding the interests of Scheme members and their beneficiaries. Its main duties are:

- To ensure that the Scheme is managed in accordance with the Trust Deed and Rules;
- To arrange and monitor the administration of the Scheme;
- To supervise the investments of the Scheme; and
- To take expert guidance where necessary.

The number of Trustee Directors is determined by Atos IT Services UK Limited ("Atos"). During the year to 31 December 2023 the Trustee Directors were Independent Governance Group ("IGG") (formerly Independent Trustee Services Limited) ("ITS"), and Chris Martin. Mr. Martin, the Executive Chairman of IGG, has been appointed as a director in a personal capacity in order to satisfy certain company law requirements.

The Trustee Directors meet periodically to consider matters relating to the administration and investment policy of the Scheme. The Trustee Directors have delegated the day-to-day management and operation of the Scheme's affairs to professional organisations as set out on pages 1 to 2 of this report.

Management of the Scheme (continued)

The Trustee has put in place various restrictions regarding the authorisation and movement of Scheme assets. The assets of the Scheme are invested in accordance with the Occupational Pensions Schemes (Investment) Regulations 2005.

To deal with the significant volume of activity that is generated across the Scheme the Trustee operates two committees which separately address the administration and governance, and the investment and funding activity. This structure allows the committees to work through specific issues in detail, and to prepare suitable recommendations for consideration by the Trustee. Each of the committees operate in conjunction with the Trustee's professional advisers, and formal Terms of Reference have been prepared to document the delegated authority that has been provided.

During the year to 31 December 2023, the Trustee Board met 4 times (2022: 4). In addition to these main Trustee meetings, the Investment and Funding Committee ("IFC") met on 4 occasions (2022: 4) and the Administration and Governance Committee ("AGC") met on 4 occasions (2022: 12).

Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under Section 41(1) and (6) of the Pensions Act 1995.

The fund account shows that the net assets of the Scheme decreased from £1,382,883K at 31 December 2022 to £1,372,643K at 31 December 2023. The decrease in net assets is accounted for by:

	DBS* 2023 £000	DBS* 2022 £000	DCS** 2023 £000	DCS** 2022 £000	Total 2023 £000	Total 2022 £000
Member related income	8,300	8,264	-	-	8,300	8,264
Member related payments	(69,631)	(74,275)	(214)	(59)	(69,845)	(74,334)
Net withdrawals from dealings with members	(61,331)	(66,011)	(214)	(59)	(61,545)	(66,070)
Net returns on investments	48,062	(742,373)	3,243	(5,395)	51,305	(747,768)
Net (decrease)/increase in fund	(13,269)	(808,384)	3,029	(5,454)	(10,240)	(813,838)
Transfer between sections	2,212	1,669	(2,212)	(1,669)	-	-
Net assets at start of year	**1,346,772**	**2,153,487**	**36,111**	**43,234**	**1,382,883**	**2,196,721**
Net assets at end of year	**1,335,715**	**1,346,772**	**36,928**	**36,111**	**1,372,643**	**1,382,883**

*Defined Benefit Section **Defined Contribution Section

Pension Increases

During the Scheme year, pension increases were applied in accordance with the Scheme Rules as follows:

Effective date – 1 April 2023 (All members except ex Atos Pension Fund members)

Pensions in payment:

- GMPs accrued pre 6 April 1988 = 0% (increases in line with the annual rise in RPI are guaranteed by the State)
- GMPs accrued post 5 April 1988 = 3.0 % (in accordance with the statutory revaluation orders)
- non GMP benefits accrued pre 6 April 1997 = 0%, 3%, and 5.0% where relevant, depending on which section benefits accrued post 5 April 1997 = 2.5%, 3%, 4%, 5.0% & 10% depending on section and pension element
- There were no discretionary increases awarded in the year.

Effective date – 1 November 2023 (ex Atos Pension Fund members)

Pensions in payment:

- GMPs accrued pre 6 April 1988 = 0% (increases in line with the annual rise in RPI are guaranteed by the State)
- GMPs accrued post 5 April 1988 = 3.0% (in accordance with the statutory revaluation orders)
- non GMP benefits accrued pre 6 April 1997 = 0% (such increases are granted at the discretion of the Trustee/Sponsoring Employer)
- Benefits accrued post 5 April 1997 = 2.5%, 5.0% depending on pension element.
- Deferred pensions are increased in accordance with statutory requirements.
- All increases were in accordance with the Trust Deed and Rules of the Scheme or legislative requirements.
- There were no discretionary increases awarded in the year.

Transfer Values

Cash equivalents (transfer values paid to other approved pension arrangements) payable are calculated and verified as prescribed by Section 97 of the Pension Schemes Act 1993.

Transfer values paid represented the full value of members' guaranteed benefits. There were no transfers paid at less than the cash equivalent.

No allowance is made for any discretionary benefits when assessing transfer values.

Report on Actuarial Liabilities

Actuarial valuation as at 31 December 2019

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Financial Statements do not include liabilities in respect of promised retirement benefits. Under section 222 of the Pensions Act 2004, every Scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on accrued benefits at the valuation date. This is assessed every three years using assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles.

The first triennial valuation of the Main Section of the Scheme was carried out as at 31 December 2019. A summary of the funding position at the valuation date is set out below:

	31 December 2019 £000s
Value of assets	1,366,000
Value of liabilities	(1,387,000)
Funding shortfall/surplus	(21,000)
Funding level	98%

The figures above exclude the value of AVCs and other money purchase benefits.

As there were insufficient assets to cover the Scheme's technical provisions at the valuation date, the Trustee and the Employer are required to agree a recovery plan. This specifies how, and by when, the statutory funding objective is expected to be met.

The Trustee and Employer have agreed a recovery plan such that the funding shortfall is eliminated by allowing for the Scheme assets to outperform the technical provisions discount by 0.5% p.a. from 1 January 2020. If these assumptions are borne out exactly, it is anticipated that the shortfall would be eliminated over the period to 31 December 2023. To the extent that the assumptions are not borne out in practice, the shortfall will be eliminated either more or less quickly that anticipated in this Recovery Plan.

Report on Actuarial Liabilities (continued)

Funding method

The method used in the calculation of the expected cost of members' past service benefits was an accrued benefits funding method. The key assumptions underlying the calculation of technical provisions were:

Assumption	Derivation
Retail Prices Index ("RPI") inflation	The difference between the zero-coupon gilt nominal and real yield curves as determined by Willis Towers Watson ("breakeven" curve) less 0.05% p.a. at all durations. The volatility of RPI is assumed to be 2.4% p.a. at all durations.
Consumer Prices Index ("CPI") inflation	The RPI assumption less 1.0% at all durations before 2030 and RPI less 0.87% p.a. at all durations from 2030 onwards.
Pension increases	Where inflation linked, increases are based on the RPI or CPI assumption, making appropriate allowance for the increase index reference month and timing of increases with any relevant caps and floors applied to the forward rates including an allowance for future inflation volatility reflecting the maximum and minimum increases specified in the Rules.
Discount before and after retirement	0.90% p.a. above the yield on the zero-coupon gilt nominal curve as determined by Willis Towers Watson at all durations.
Pre-retirement mortality	Standard PNMA00/PNFA00 tables published by the Continuous Mortality Investigation ("CMI") of the actuarial profession.
Post-retirement mortality	92% for males and 97% for females of "SAPS series 3 All Pensioner Amounts" standard tables with improvements from 2013 in line with CMI 2018 core projections worth a 1.5% p.a. long term rate of improvement and core parameters only.

The Scheme's actuarial valuation as at 31 December 2022 – originally due to be finished by 31 March 2024 - has not yet been completed. The material uncertainty regarding the current financial position and future prospects of both Atos UK and Atos SE means that it has taken the Trustee longer than normal to assess the financial support they can provide to the Scheme. As a result, the Trustee has not been in a position to decide on the assumptions to use in the actuarial valuation and then progress the work in the usual manner. The Trustee expects to complete the actuarial valuation and share the results with Scheme members before the end of 2024. The Trustee is working with Atos UK management to finalise the valuation and is also providing regular updates to The Pensions Regulator on progress.

Statement regarding DC Governance

The Chair of the Trustee has prepared a statement about governance of the Scheme's defined contribution assets which forms part of this Trustee's report. A copy of the signed statement can be found in Section 9.

Scheme Membership

The reconciliation of the Scheme membership during the year ended 31 December 2023 is shown below:

Active Members	Defined Benefit Section ('DBS')
As at 31 December 2022	**22**
Adjustments to opening balance	(8)
Leavers with deferred pension entitlements	(2)
Retirements	(3)
Active members as at 31 December 2023	**9**

Pensioner Members (including spouses and dependants)	DBS
As at 31 December 2022	**3,825**
Adjustments to opening balance	9
Retirements*	220
Deaths	(72)
Pensions ceased	(3)
Dependant's pensions	22
Pensioner members as at 31 December 2023	**4,001**

*Total retirements include adjustments for 2 members who signed their option forms before the year end.

Included within pensioners are 2 (2022: 9) pensioners whose pensions are paid from annuities held in the name of the Trustee.

DCS members can also hold DBS benefits in addition, so are able to secure pensions in the DBS section upon retirement.

Deferred Members	DBS	DCS
As at 31 December 2022	**2,927**	**1,275**
Adjustments to opening balance	-	(1)
Employees leaving with deferred pensions	2	-
Retirements	(177)	(40)
Deaths	(6)	(3)
Transfers out	(8)	(2)
Trivial commutation	(1)	-
Deferred members as at 31 December 2023	**2,737**	**1,229**

Included within deferred members are 13 members (2022: 11) with salary linkage.

Scheme Membership (continued)

Salary Linkage Members	DBS
As at 31 December 2022	**5**
Adjustments to opening balance	(5)
Salary Linkage members as at 31 December 2023	**0**

The prior period adjustments are caused by late notification of membership movements to the Scheme administrators.

Going concern

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it is of the opinion that the Scheme has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. In reaching this conclusion, the Trustee has considered the current funding level of the Scheme, future income, capital growth, and cashflow requirements.

The latest Employer financial statements for the year ended 31 December 2022 were signed on 30 March 2024 contained a material uncertainty in relation to going concern. The Employer's cash forecasts for the going concern period, being 12 months following the signing of the 2022 financial statements by the Directors show that the Employer has sufficient access to liquidity to meet its needs over that period. This is reliant upon the Employer's continuing access to the Atos SE Group (the 'Group') cash-pooling arrangement as the Employer is in a net negative cash position at certain times in its working capital cycle over this period. In turn, the cash forecasts of the Group as a whole, which includes the cash requirement for the Employer, demonstrate that the Group has sufficient access to finance to meet the entire Group's liquidity needs for this period and therefore shall be able to support the Employer during the periods where an additional cash requirement exists.

The Group's cashflow forecasts, which are included in the Group's liquidity plan, have been prepared based on the following assumptions:

- The implementation of specific actions to optimise its working capital requirements, including continued access to a factoring program;
- The continuation of the €400 million asset divestment program that was announced on 28 July 2023; and
- The implementation of an additional disposal program as communicated by the Group to the market on 3 January 2024. In this respect, the Group is actively evaluating strategic alternatives, having received several expressions of· interest or indicative offers relating to different divisions or segments of the Group.

Going concern (continued)

On 5 February 2024, the Group announced its intention to enter into a *mandat ad hoc*, a French ‘amicable’ restructuring process providing legal protection whilst attempts are made to remedy its financial position. On 25 March 2024, the Group then moved to a conciliation, another French ‘amicable’ restructuring process, which was an extension to the previous *mandat ad hoc*.

Both of these French restructuring processes are being carried out under the aegis of a French court appointed independent specialist. Under this specialist, being the mandataire ad hoc and conciliator, discussions have been ongoing with banks, bondholders and interested parties with a view of reaching a refinancing plan for the Group’s financial debt.

The Group has continued to meet the requirements of the covenants on external borrowings and bonds, however attention should be drawn to the maturity dates of these borrowings and the risks associated with its refinancing. Based on public information, it is understood that c.€3.65bn of the Group’s financial debt matures prior to the end of 2025, with additional maturities beyond this date:

<u>Atos SE existing debt prior to entering French restructuring processes:</u>

- €1.5bn term loan maturing in January 2025, following the lenders agreeing to two 6-month extensions;
- €500m bond (Optional Exchange Bond) maturing in November 2024;
- €750m bond maturing in May 2025;
- €900m revolving credit facility maturing in November 2025;
- €50m NEW MTN maturing in April 2026;
- €350m bond maturing in November 2028;
- €800m bond (Sustainability-Linked Bond) maturing in November 2029.

<u>Atos SE additional debt secured since entering French restructuring processes</u> (due to be repaid on completion of a financial restructuring agreement):

- €50m loan through the FDES (Fonds de Développement Economique et Social);
- €100m RCF and term loan facilities

In addition to the Group’s current debt outlined above, on 5 July 2024 Atos SE announced the closure of the syndication to secure additional tranches of interim refinancing facilities, which are be repaid upon completion of the financial restructuring agreement set out further below:

<u>Atos SE additional debt likely to be secured prior to refinancing plan being agreed</u>

- €575m revolving credit facility
- €75m factoring facilities

In view of the above and the significant quantum of debt maturing prior to the end of 2025, it is recognised that there are going concern risks facing the Group, with its future viability being dependent on either the continued support of its lenders and/or reaching a refinancing plan.

However, on 15 July 2024, the Group confirmed that a Lock-Up Agreement had been reached between it, a group of banks and a group of bondholders, for a financial restructuring plan to be implemented.

Going concern (continued)

The Lock-Up Agreement is defined in the Group's press release dated 15 July 2024 as "*an agreement under the terms of which the signatories undertake to support and carry out any steps or actions reasonably necessary for the implementation and completion of the Company's financial restructuring. The terms and conditions of the Lock-Up Agreement are customary and include a commitment by the signatory creditors to support the financial restructuring in accordance with the principles agreed in the Agreement on the Restructuring Terms, and accordingly to sign the required contractual documentation.*"

Whilst the full details of the Lock-Up Agreement have not been published, based on press releases issued by the Group on 30 June 2024 and 15 July 2024, it appears the key terms relevant to going concern considerations are as follows:

- New secured debt of up to €1.675bn has been committed to by a group of banks and a group of bondholders, on terms of at least a 5 year maturity;
- The group of bondholders have also committed to providing €75m in the form of a backstop in cash of a rights issue;
- A debt-for-equity swap of up to €2.9bn, thereby reducing the value of Atos SE's current debt;
- Remaining existing debt not converted to equity to be refinanced with either a 6 or 8 year maturity; and
- Future disposal proceeds from potential sales of Worldgrid (c.€270m) to ALTEN SA and Advanced Computing, Mission-Critical Systems and Cybersecurity Products activities contained within BDS (c.€700m) to the French State will be used to repay Atos SE's debt, subject to maintaining a minimum forecast cash balance of €1.1bn as at December 31, 2026.

The implementation of the financing restructuring agreement is intended to be facilitated through accelerated safeguard proceedings, a formal French restructuring process, during week commencing 22 July 2024. For this plan to be approved, it requires a sufficient majority of classes of affected parties to vote in favour of the negotiated restructuring plan. The Group's press release dated 15 July 2024 states it is *"supported by a majority of financial creditors"* indicating that this majority has been reached.

The Group's financial restructuring plan is only intended to impact financial creditors of Atos SE and therefore the Scheme is not able to vote in favour of / against the restructuring plan. However, the Scheme's contingent creditor position will remain unaffected, albeit any security granted to the Group's financial creditors will subordinate any claim from the Scheme in a downside event.

Whilst an agreement has been reached with the Group's financial creditors, the implementation of this financial restructuring remains subject to a number of conditions which provide material uncertainty to the going concern of the Group.

As a result of the circumstances described above, there is a material uncertainty related to events or conditions that may cast significant doubt on the Employer's ability to continue as a going concern. In the event of the Group failing to meet or renegotiate its financing maturities, or if the ongoing discussions regarding the asset disposal program were unsuccessful, the Employer may not be able to realise its assets or settle its liabilities within the ordinary course of its operations, and the application of the going concern basis of accounting, in particular with regards to the valuation of assets and liabilities, may be inappropriate nonetheless the Trustee considers that the Scheme will nevertheless continue to operate. Therefore, the Trustee is of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. Nevertheless, the circumstances of the Employer described above and the potential impact on its ability to support the Scheme during the next twelve months constitute a material uncertainty that may cast significant doubt on the section's ability to continue as a going concern and to realise its assets and meet benefit obligations in the normal course of affairs. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Investment Report

Investment strategy

The Trustee determines its investment strategy after taking advice from its investment adviser. It has delegated the management of the investments to the investment managers listed on page 1.

The Trustee considers that the Scheme's investment portfolio is structured in accordance with the requirements of the Occupation Pension Schemes (Investment) Regulations 2005 in relation to the nature, disposition, marketability, security and valuation of the Scheme's assets.

Statement of Investment Principles

A Statement of Investment Principles ("the SIP") has been produced as required under Section 35 of the Pensions Act 1995 and a copy is available on request, or via the Trustee's website:
https://www.atos2019scheme.co.uk/media/a0wdczlc/atos_uk_2019_pension_scheme_-_sip_-_october_2023.pdf.

All investments made during the period to 31 December 2023 were in accordance with this Statement.

The Trustee periodically reviews its investment managers' policies with regard to the exercising of voting rights attached to investments. The Trustee may request the investment managers to exercise these rights in a certain manner, subject to the Trustee acting in the best financial interest of the Scheme's beneficiaries. Where the Scheme's assets are held in pooled investments, the Trustee accepts that it is the manager of the pooled investments who exercises the voting rights attached to the underlying investments on behalf of all participants in the pooled Schemes. However, the Trustee recognizes that it has a fiduciary and regulatory responsibility to retain agency in the process through investment manager oversight.

The Trustee may make its views known to the investment managers on social, environmental and ethical factors and may ask them not to hold certain investments but any request will have regard to the Trustee's duty to act in the best financial interest of the Scheme's beneficiaries. The Trustee aspires to align with the Principal Employer by dedicating resource to considering how the Scheme could potentially achieve net-zero carbon emissions by 2035, by looking at the how the Scheme's investments and asset managers can help the Scheme move towards this target.

Custodial Arrangements

The Scheme's investments were held with the custodian listed on page 1.

The custodian is responsible for the safekeeping of share certificates and other documentation relating to the ownership of listed investments, settlement of trades and income collection.

The Trustee is responsible for ensuring that the Scheme's assets continue to be held securely. It reviews the custodian arrangements from time to time and the Scheme's auditor is authorised to make whatever investigations it deems necessary as part of the annual audit procedures.

Investment risks and uncertainties

The Scheme's investments are exposed to various risks such as movement in interest and inflation rates, investment market volatility, political instability, and currency movements. Due to these uncertainties, the asset values reported in the statement of net assets available to provide members' final salary benefits can move up and down.

The Trustee receives professional advice regarding its investment strategy from Redington. The Trustee continues to consult with Atos over the Scheme's long-term investment strategy, and a quarterly investment meeting takes place between the Trustee, Atos and their respective investment advisers.

Implementation of the Trustee's hedging strategy

The Trustee continues to operate an interest rate and inflation rate hedging strategy through the Liability Driven Investment ("LDI") manager in respect of the Defined Benefit Section.

Implementation of the Trustee's hedging strategy (continued)

The objective of the hedging strategy is to seek to limit the level of volatility within the Scheme's funding position by more closely aligning the movement in the value of its assets with the movement in the value of its liabilities. As the present value of the Scheme's liabilities is heavily influenced by the level of long-term interest and inflation rates, the hedging strategy allows the Trustee to incorporate exposure to these rates within its investment strategy.

Responsible investment

During the course of 2021, the Trustee developed a Sustainable Investment Policy. The Policy confirms that the Trustee believes that Environmental (including Climate Change risks), Social and Governance issues are complex, multifaceted and may impact the value of the Scheme's investments.

Within the Policy it is also confirmed that the Scheme aims to align with the Principal Employer by dedicating resource to considering how the Scheme could potentially achieve net-zero carbon emissions by 2035. This belief statement, and subsequently the net-zero aspiration detailed within it, has been communicated with each of the Scheme's managers and used in the selection processes for new managers. A copy of the Sustainable Investment beliefs statement can be found on pages 16 and 17.

These considerations have also been integrated at an asset-class level by the Trustee. Each proposed Strategic Asset Allocation is assessed using a series of climate change stress tests to assess the resilience of the Scheme to different climate transition scenarios. These assessments of the Scheme's funding position have been guided by methodology prescribed by the Network for Greening the Financial System (NGFS).

Corporate governance

The Trustee has examined the issues in relation to corporate governance and on the exercise of voting rights of their investment managers. The Trustee recognises that good corporate governance creates the framework within which a company can be managed in the long-term interests of shareholders, in particular voting at Annual and Extraordinary General Meetings on the election of directors, the issuance of equity and the appointment of auditors are fundamental in protecting shareholder interests.

Having considered these issues, the Trustee is satisfied that the Investment Managers' policies on corporate governance, and their exercise of voting rights reflect the key principles. The Scheme's voting rights are thus exercised by its Investment Managers in accordance with their own corporate governance policies and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Trustee will monitor the Investment Managers' exercise of such powers. Equity managers who are FCA registered, which all asset managers are, are expected to report on their adherence to the UK Stewardship Code on an annual basis.

Non-material financial considerations

The Trustee does not take into consideration non-financial matters when assessing the overall investment strategy and managers. Members' views on 'non-financial matters' (where "non-financial matters" include members' ethical views separate from financial considerations such as financially material Environmental, Social and Governance ("ESG") issues), are not explicitly taken into account in the selection, retention and realisation of investments in respect of the DB and DC Sections.

Stewardship policy

This policy sets out how the Trustee practises effective stewardship as part of its fiduciary duty to act in the best financial interests of members. The Trustee understands good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value for members, leading to sustainable benefits for the economy, the environment and society. The Trustee will aim to use its influence as an owner of assets to ensure that, as far as possible, best practices are reflected in terms of environmental, social and governance ("ESG") factors, and will hold the Scheme's investment managers to account for the effective use of their influence as owners of assets.

Stewardship policy (continued)

The Trustee expects all its investment managers to practice good stewardship. When selecting new managers, the Trustee's investment adviser assesses the ability of each investment manager to engage with underlying companies to promote the long-term success of the investments.

Whereas the Trustee chooses managers that align with its beliefs on stewardship, there are instances where the Trustee has less direct influence over the managers' policies on the exercise of investment rights. For example, where assets are held in pooled funds, due to the collective nature of these investments. The Trustee monitors and discloses the voting behaviour carried out on its behalf. If the Trustee deems this behaviour inadequate, it will engage with the relevant manager and seek to better align the behaviour of the manager with the Trustee's policy.

The Trustee has historically had a preference for 'engagement' rather than 'exclusion' as a method of incorporating climate change risks into an effective risk management framework. However, the Trustee is currently working with the Principal Employer to ensure that its views on ESG issues are taken into account. This approach is kept under review and may be updated in the future should circumstances change. The Trustee expects its investment managers to independently consider whether exclusion or engagement is more appropriate within their investment process.

When selecting, monitoring and de-selecting asset managers, engagement is factored into the decision-making process to the appropriate level for the specific asset class in question. The Trustee requires its investment adviser to report annually on how the managers have acted in accordance with the Trustee's policy on stewardship and engagement. In addition, the Trustee meets with its investment managers as required and questions the manager on their activities with respect to stewardship and engagement. The Trustee will disclose any highlights as part of these reviews annually in its implementation statement.

The full Stewardship policy can be found within the SIP.

Time horizon, incentives, turnover costs and monitoring

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

Employer related investments

As at 31 December 2023 the Scheme had no exposure to employer related investments (2022: £NIL).

Scheme investment performance

Performance of the Scheme's Defined Benefit investments over the twelve-month period from 1 January 2023 to 31 December 2023 is as follows:

	Fund 1 year %	Benchmark 1 year %	Fund 3 years %	Benchmark 3 years %
LGIM FTSE TPI Global (ex Fossil Fuel) Equity Fund (OFC)	17.2	17.3	9.2	9.6
Mercer Senior Private Debt PIP III (1)	6.8	5.0	N/A	N/A
Mercer Senior Private Debt PIP IV (1)	6.3	5.0	N/A	N/A
Mercer Senior Private Debt PIP V (1)	6.7	5.0	N/A	N/A
Insight Buy & Maintain Bond Fund	11.0	9.6	-4.4	-5.3
Hermes Absolute Return Credit Fund (2)	3.5	1.6	N/A	N/A
Schroders Segregated LDI	-2.7	-2.9	-12.6	-12.8
PIMCO Global Libor Plus Bond Fund	6.3	6.9	-0.8	4.1
Amundi Buy & Maintain Fund	7.9	9.8	-5.1	-5.3
LGIM HLV Property	-8.2	-0.1	-2.1	2.5
LGIM (Liquidity Fund)	4.8	4.7	2.1	2.0
Mirova Energy Transition 5 Fund (1)	9.6	8.5	N/A	N/A
Stonepeak Global Renewables Fund (1)	31.2	10.0	N/A	N/A

Notes:

(1) Figures shown are since inception internal rate of return (“IRR”)

(2) Figure shown is since inception return as fund was invested into in February 2023. The Scheme was previously invested in a segregated account with Hermes with a similar strategy.

Defined Contribution Section

The performance of the Scheme's Defined Contribution investment over 1 and 3 years for the year ended 31 December 2023 is summarised as follows:

	Fund 1 year %	Benchmark 1 year %	Fund 3 years %	Benchmark 3 years%
BlackRock DC Index-Linked Gilt Fund	0.8	0.2	-13.4	-13.5
BlackRock DC Pre-Retirement	6.6	5.8	-9.3	-9.9
BlackRock 60/40 Global Equity Index Tracker	11.0	10.7	8.3	8.2
BlackRock DC 50/50 Global Growth	15.1	11.7	7.9	8.3
BlackRock DC 70/30 Global Growth	14.4	10.1	7.8	8.4
BlackRock DC Aquila 30/70 Global Equity Fund	16.8	16.9	7.5	7.5
BlackRock DC World Ex-UK Equity Index	18.6	17.3	9.7	9.6
BlackRock DC UK Growth	13.7	7.9	8.1	8.6
BlackRock UK Equity Index Tracker	8.3	7.9	8.8	8.6
BlackRock DC Cash	4.7	4.6	2.0	1.9
BlackRock 60/40 Global Growth	14.7	10.8	7.8	8.3

Sustainable Investment Beliefs Statement

We believe that Environmental (including Climate Change risks), Social and Governance issues are complex, multifaceted and may impact the value of our investments. We consider these risks to be of concern over the short, medium and long term. For example the physical risks associated with climate change are likely to only manifest over the medium to longer term, however regulatory and transition risks are clearly present now and we should factor this into our decision making.

Further to this, we aspire to align with our corporate sponsor by dedicating resource to considering how the Schemes could potentially achieve net-zero carbon emissions by 2035. We recognise that at the current time it is not obvious how we can do this, but we will work with our asset managers and advisers to move towards this target, and report on our progress on an annual basis. It may mean that we have to consider new opportunities that we are not yet familiar with. We will have to dedicate significant time to ensure that we continue to understand the implications of our decisions. We will only take action when we are comfortable it is consistent with our fiduciary duty and in the best financial interests of our members. Whilst we have not yet approached members to ask for their views on ESG issues, it may be appropriate to do so for some sections of the Scheme in the future.

We believe that by adopting this objective we are having a positive impact as part of the transition to a more sustainable, low carbon economy. We recognise that other investment opportunities may arise to be impactful, however we may not have the time or resources to access them. We will rely on our advisers to provide appropriate opportunities for us to review.

Sustainable Investment Beliefs Statement (continued)

Whenever we select new investment managers we must make ourselves comfortable that they can adequately manage ESG-related risks and invest in line with our beliefs. Managers should be periodically reviewed and held to account. If we are not satisfied that our managers are investing responsibly, we will engage with them to try to improve, but ultimately will terminate their mandate if improvements are not made.

Stewardship and effective engagement are important tools to achieving more sustainable outcomes. All of our managers should exhibit good stewardship practices and we will monitor them to ensure they do.

To inform our view of best practice, we will engage with our peers and other industry practitioners. We have an ambition to become a vocal, public leader in the field of responsible investment. We believe it is important to be transparent, continually learn from our practices and share our experiences with members and peers.

The Trustee has published a Task Force on Climate Related Financial Disclosures ("TCFD") Report on the following website: http://www.atos2019scheme.co.uk

Statement of Trustee's responsibilities

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice Financial Reports of Pension Schemes.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- Assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- Making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the Statement of Trustee's Responsibilities accompanying the Trustee's Summary of Contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Further Information

Internal Dispute Resolution ("IDR") Procedures

It is a requirement of the Pensions Act 1995 that the Trustees of all occupational pension schemes must have IDR procedures in place for dealing with any disputes between the Trustee and the scheme beneficiaries. A dispute resolution procedure has been agreed by the Trustee, details of which can be obtained by writing to the Secretary to the Trustee at the address on page 1 of this report.

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals about their benefits or for a copy of Scheme documentation, should be sent to the Secretary to the Trustee at the address on page 1 of this report.

The Money and Pensions Service ("MaPS")

This service is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the Trustee of the Scheme. MaPS has launched MoneyHelper, which brings together the Money Advice Service, The Pensions Advisory Service and Pension Wise to create a single place to get help with money and pension choices. MoneyHelper is impartial, backed by the government and free to use.

The Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD
Tel: 0800 011 3797
www.moneyhelper.org.uk

The Pensions Ombudsman

Members have the right to refer a complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the events(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London
E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
www.pensions-ombudsman.org.uk

Members can also submit a complaint form online:
www.pensions-ombudsman.org.uk/making-complaint

The Pensions Regulator

The Pensions Regulator ("TPR") has the objectives of protecting the benefits of members, promoting good administration and reducing the risk of claims on the Pension Protection Fund. TPR has the power to investigate schemes, to take action to prevent wrongdoing in or maladministration of pension schemes and to act against employers failing to abide by their pension obligations. TPR may be contacted at the following address:

The Pensions Regulator
Telecom House
125 -135 Preston Road
Brighton
BN1 6AF
www.thepensionsregulator.gov.uk

Pension Tracing Service

The Pension Schemes Registry has been replaced with the Pension Tracing Service and is now provided by the Department for Work and Pensions. Responsibility for compiling and maintaining the register of occupational pension schemes has been passed to The Pensions Regulator.

Contact details for the services are as follows:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF
www.gov.uk/find-pension-contact-details

Approval of the Report by the Trustee

The Trustee's Report, which includes the Investment Report, the Report on Actuarial Liabilities and the Statement of Trustee's Responsibilities was approved by the Trustee.

Signed for and on behalf of the Trustee of the Atos UK 2019 Pension Scheme by:

.... Trustee Director

.... Trustee Director

31/07/2024
.... Date

Section 3 – Independent Auditor's Report

Independent Auditor's Report to the Trustee of the Atos UK 2019 Pension Scheme

Opinion

We have audited the financial statements of the Atos UK 2019 Pension Scheme ("the Scheme") for the year ended 31 December 2023 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 to the financial statements which indicates that the Employer is reliant on continuing access to the Atos SE Group ('the group') cash pooling arrangement during the going concern period. Note 1 also details that the ability of the group to meet its financing maturities and provide such financial support to the company relies on the implementation of various actions by the group. The outcome of discussions in respect of these actions may be unsuccessful or solutions arising from those discussions may prove insufficient to cover the group's financing maturities and cash requirements on a long-term basis which in turn could threaten the ability of the Employer to continue to support the Section and pay contributions as they fall due. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Scheme's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The Trustee has prepared the financial statements on the going concern basis. As stated above, it has also concluded that a material uncertainty related to going concern exists.

Our conclusions based on our financial statements audit work: we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Independent Auditor's Report to the Trustee of the Atos UK 2019 Pension Scheme (continued)

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Scheme's high-level policies and procedures to prevent and detect fraud, including conflict policies, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes and the Scheme's breach log.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its delegates including the Scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journals to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation and tax legislation), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the Trustee of the Atos UK 2019 Pension Scheme (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations (continued)

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 61 of the annual report.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

- The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities and the summary of contributions and the actuarial certification of the Schedule of Contributions). Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.
- Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 18, the Scheme's Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Scheme, or has no realistic alternative but to do so.

Independent Auditor's Report to the Trustee of the Atos UK 2019 Pension Scheme (continued)

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

G. Broom

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
Date: 31 July 2024

Section 4 – Financial Statements

Fund Account for year ended 31 December 2023

	Note	Defined Benefit Section £000	Defined Contribution Section £000	Total 2023 £000	Total 2022 £000
CONTRIBUTIONS AND BENEFITS					
Contributions - employer	*5*	8,295	-	**8,295**	8,195
- employee	*5*	-	-	**-**	65
		8,295	-	**8,295**	8,260
Other income		5	-	**5**	4
		8,300	-	**8,300**	8,264
Benefits paid or payable	*6*	(58,447)	-	**(58,447)**	(55,336)
Payments to and on account of leavers	*7*	(4,757)	(214)	**(4,971)**	(11,144)
Administrative expenses	*8*	(6,427)	-	**(6,427)**	(7,854)
		(69,631)	(214)	**(69,845)**	(74,334)
Net withdrawals from dealings with members		(61,331)	(214)	**(61,545)**	(66,070)
RETURNS ON INVESTMENTS					
Investment income	*10*	10,943	63	**11,006**	28,132
Change in market value of investments	*12*	40,530	3,180	**43,710**	(771,449)
Investment management expenses	*11*	(3,411)	-	**(3,411)**	(4,451)
Net returns on investments		48,062	3,243	**51,305**	(747,768)
Net (decrease)/increase in the fund during the year		(13,269)	3,029	**(10,240)**	(813,838)
Transfer between sections		2,212	(2,212)	**-**	-
Net assets of the Scheme at the start of the year		1,346,772	36,111	**1,382,883**	2,196,721
Net assets of the Scheme at the end of the year		1,335,715	36,928	**1,372,643**	1,382,883

The notes on pages 28 to 60 form part of these financial statements.

Statement of Net Assets (available for benefits) as at 31 December 2023

	Note	**Total 2023 £000**	Total 2022 £000
DB Section			
Investment assets	*12*		
Bonds		**1,176,026**	1,318,564
Pooled investment vehicles		**646,460**	674,119
Derivatives		**3,936**	1,170
Insurance policies		**1,123**	1,088
AVC investments		**542**	583
Cash deposits		**8,120**	14,518
Cash in transit		**-**	245
Other investment balances		**173,692**	356,656
		2,009,899	2,366,943
Investment liabilities	*12*		
Bonds		**(172,662)**	(348,407)
Derivatives		**(813)**	(9,563)
Other investment balances		**(513,979)**	(673,337)
		(687,454)	(1,031,307)
Current assets	*13*	**17,138**	13,646
Current liabilities	*14*	**(3,868)**	(2,510)
Total net assets of the DB Section		**1,335,715**	1,346,772
DC Section			
Investment assets	*12*		
Pooled investment vehicles		**35,863**	34,645
		35,863	34,645
Current assets	*13*	**1,065**	1,466
Current liabilities	*14*	**-**	-
Total net assets of the DC Section		**36,928**	36,111
Total net assets of the Scheme at the end of the year		**1,372,643**	1,382,883

The notes on pages 28 to 60 form part of these financial statements.

Statement of Net Assets (available for benefits) as at 31 December 2023 (Continued)

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report on Actuarial Liabilities and in the Actuary's certificates in Section 8 of these financial statements and should be read in conjunction therewith.

Signed for and on behalf of the Trustee of the Atos UK 2019 Pension Scheme on:

-- Trustee Director

-- Trustee Director

31/07/2024

-- Date

Section 5 – Notes to the Financial Statements

Notes to the financial statements for the year ended 31 December 2023

1 BASIS OF PREPARATION

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

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it is of the opinion that the Scheme has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. In reaching this conclusion, the Trustee has considered the current funding level of the Scheme, future income, capital growth, and cashflow requirements.

The latest Employer financial statements for the year ended 31 December 2022 were signed on 30 March 2024 contained a material uncertainty in relation to going concern. The Employer's cash forecasts for the going concern period, being 12 months following the signing of the 2022 financial statements by the Directors show that the Employer has sufficient access to liquidity to meet its needs over that period. This is reliant upon the Employer's continuing access to the Atos SE Group (the 'Group') cash-pooling arrangement as the Employer is in a net negative cash position at certain times in its working capital cycle over this period. In turn, the cash forecasts of the Group as a whole, which includes the cash requirement for the Employer, demonstrate that the Group has sufficient access to finance to meet the entire Group's liquidity needs for this period and therefore shall be able to support the Employer during the periods where an additional cash requirement exists.

The Group's cashflow forecasts, which are included in the Group's liquidity plan, have been prepared based on the following assumptions:

- The implementation of specific actions to optimise its working capital requirements, including continued access to a factoring program;
- The continuation of the €400 million asset divestment program that was announced on 28 July 2023; and
- The implementation of an additional disposal program as communicated by the Group to the market on 3 January 2024. In this respect, the Group is actively evaluating strategic alternatives, having received several expressions of· interest or indicative offers relating to different divisions or segments of the Group.

Notes to the financial statements for the year ended 31 December 2023 (continued)

1 BASIS OF PREPARATION (CONTINUED)

On 5 February 2024, the Group announced its intention to enter into a *mandat ad hoc*, a French 'amicable' restructuring process providing legal protection whilst attempts are made to remedy its financial position. On 25 March 2024, the Group then moved to a conciliation, another French 'amicable' restructuring process, which was an extension to the previous *mandat ad hoc*.

Both of these French restructuring processes are being carried out under the aegis of a French court appointed independent specialist. Under this specialist, being the mandataire ad hoc and conciliator, discussions have been ongoing with banks, bondholders and interested parties with a view of reaching a refinancing plan for the Group's financial debt.

The Group has continued to meet the requirements of the covenants on external borrowings and bonds, however attention should be drawn to the maturity dates of these borrowings and the risks associated with its refinancing. Based on public information, it is understood that c.€3.65bn of the Group's financial debt matures prior to the end of 2025, with additional maturities beyond this date:

Atos SE existing debt prior to entering French restructuring processes:

- €1.5bn term loan maturing in January 2025, following the lenders agreeing to two 6-month extensions;
- €500m bond (Optional Exchange Bond) maturing in November 2024;
- €750m bond maturing in May 2025;
- €900m revolving credit facility maturing in November 2025;
- €50m NEW MTN maturing in April 2026;
- €350m bond maturing in November 2028;
- €800m bond (Sustainability-Linked Bond) maturing in November 2029.

Atos SE additional debt secured since entering French restructuring processes (due to be repaid on completion of a financial restructuring agreement):

- €50m loan through the FDES (Fonds de Développement Economique et Social);
- €100m RCF and term loan facilities

In addition to the Group's current debt outlined above, on 5 July 2024 Atos SE announced the closure of the syndication to secure additional tranches of interim refinancing facilities, which are be repaid upon completion of the financial restructuring agreement set out further below:

Atos SE additional debt likely to be secured prior to refinancing plan being agreed

- €575m revolving credit facility
- €75m factoring facilities

In view of the above and the significant quantum of debt maturing prior to the end of 2025, it is recognised that there are going concern risks facing the Group, with its future viability being dependent on either the continued support of its lenders and/or reaching a refinancing plan.

However, on 15 July 2024, the Group confirmed that a Lock-Up Agreement had been reached between it, a group of banks and a group of bondholders, for a financial restructuring plan to be implemented.

Notes to the financial statements for the year ended 31 December 2023 (continued)

1 BASIS OF PREPARATION (CONTINUED)

The Lock-Up Agreement is defined in the Group's press release dated 15 July 2024 as "*an agreement under the terms of which the signatories undertake to support and carry out any steps or actions reasonably necessary for the implementation and completion of the Company's financial restructuring. The terms and conditions of the Lock-Up Agreement are customary and include a commitment by the signatory creditors to support the financial restructuring in accordance with the principles agreed in the Agreement on the Restructuring Terms, and accordingly to sign the required contractual documentation.*"

Whilst the full details of the Lock-Up Agreement have not been published, based on press releases issued by the Group on 30 June 2024 and 15 July 2024, it appears the key terms relevant to going concern considerations are as follows:

- New secured debt of up to €1.675bn has been committed to by a group of banks and a group of bondholders, on terms of at least a 5 year maturity;
- The group of bondholders have also committed to providing €75m in the form of a backstop in cash of a rights issue;
- A debt-for-equity swap of up to €2.9bn, thereby reducing the value of Atos SE's current debt;
- Remaining existing debt not converted to equity to be refinanced with either a 6 or 8 year maturity; and
- Future disposal proceeds from potential sales of Worldgrid (c.€270m) to ALTEN SA and Advanced Computing, Mission-Critical Systems and Cybersecurity Products activities contained within BDS (c.€700m) to the French State will be used to repay Atos SE's debt, subject to maintaining a minimum forecast cash balance of €1.1bn as at December 31, 2026.

The implementation of the financing restructuring agreement is intended to be facilitated through accelerated safeguard proceedings, a formal French restructuring process, during week commencing 22 July 2024. For this plan to be approved, it requires a sufficient majority of classes of affected parties to vote in favour of the negotiated restructuring plan. The Group's press release dated 15 July 2024 states it is *"supported by a majority of financial creditors"* indicating that this majority has been reached.

The Group's financial restructuring plan is only intended to impact financial creditors of Atos SE and therefore the Scheme is not able to vote in favour of / against the restructuring plan. However, the Scheme's contingent creditor position will remain unaffected, albeit any security granted to the Group's financial creditors will subordinate any claim from the Scheme in a downside event.

Whilst an agreement has been reached with the Group's financial creditors, the implementation of this financial restructuring remains subject to a number of conditions which provide material uncertainty to the going concern of the Group.

As a result of the circumstances described above, there is a material uncertainty related to events or conditions that may cast significant doubt on the Employer's ability to continue as a going concern. In the event of the Group failing to meet or renegotiate its financing maturities, or if the ongoing discussions regarding the asset disposal program were unsuccessful, the Employer may not be able to realise its assets or settle its liabilities within the ordinary course of its operations, and the application of the going concern basis of accounting, in particular with regards to the valuation of assets and liabilities, may be inappropriate nonetheless the Trustee considers that the Scheme will nevertheless continue to operate.

Notes to the financial statements for the year ended 31 December 2023 (continued)

1 BASIS OF PREPARATION (CONTINUED)

Therefore, the Trustee is of the opinion that it remains appropriate to prepare the financial statements on a going concern basis. Nevertheless, the circumstances of the Employer described above and the potential impact on its ability to support the Scheme during the next twelve months constitute a material uncertainty that may cast significant doubt on the section's ability to continue as a going concern and to realise its assets and meet benefit obligations in the normal course of affairs. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the scheme is Atos Pension Scheme Limited, c/o Hymans Robertson LLP, One London Wall, London EC2Y 5EA.

3 COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT

	Note	Defined Benefit Section £000	Defined Contribution Section £000	Total 2022 £000
CONTRIBUTIONS AND BENEFITS				
Contributions - employer	*5*	8,195	-	**8,195**
- employees	*5*	65	-	**65**
		8,260	-	**8,260**
Other income				
		4	-	**4**
Benefits paid or payable	*6*	(55,287)	(49)	**(55,336)**
Payments to and on account of leavers	*7*	(11,134)	(10)	**(11,144)**
Administrative expenses	*8*	(7,854)	-	**(7,854)**
		(74,275)	(59)	**(74,334)**
Net withdrawals from dealings with members		(66,011)	(59)	**(66,070)**
RETURNS ON INVESTMENTS				
Investment income	*10*	28,123	9	**28,132**
Change in market value of investments	*12*	(766,045)	(5,404)	**(771,449)**
Investment management expenses	*11*	(4,451)	-	**(4,451)**
Net returns on investments		(742,373)	(5,395)	**(747,768)**
Net decrease in the fund during the year		(808,384)	(5,454)	**(813,838)**
Transfer between sections		1,669	(1,669)	**-**
Net assets of the Scheme at the start of the year		2,153,487	43,234	**2,196,721**
Net assets of the Scheme at the end of the year		1,346,772	36,111	**1,382,883**

Notes to the financial statements for the year ended 31 December 2023 (continued)

4 ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied during the year, are set out below.

4.1 Accounting convention

The financial statements are prepared on an accruals basis.

4.2 Contributions

Normal employer contributions are accounted for when deducted from the members' pay.

Other employer contributions for expenses are accounted for in accordance with the agreement under which they are made.

4.3 Payments to members

Pensions in payment are accounted for in the period to which they relate.

Refunds and lump sums are accounted for by reference to the later of the date of retirement or leaving the Scheme, or the date the option is exercised. Benefits taken are reported gross of any tax settled by the Scheme on behalf of the member.

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is received or paid.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits this is shown separately within benefits.

4.4 Expenses

Administrative expenses and investment managers' fees are accounted for on an accruals basis. The Scheme bears all of the cost of administration.

4.5 Investment income

Income from bonds and other interest receivable is taken into account on an accruals basis and includes interest bought and sold on investment purchases and sales.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Investment income arising from the underlying investments of accumulation funds is reflected in the unit price and reported within 'Change in Market Value'.

Receipts from annuity policies held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis.

4.6 Other income

Other income has been accounted for on a cash received basis.

Notes to the financial statements for the year ended 31 December 2023 (continued)

4 ACCOUNTING POLICIES (CONTINUED)

4.7 Investments

Investments are included at fair value as follows:

Accrued interest is excluded from the market value of bonds and is included in investment income receivable.

Short sell bonds are included at the negative quoted price.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value ("NAV"), determined in accordance with fair value principles, provided by the pooled investment manager.

Insurance policies that are included in the Financial Statements have been valued by the insurer. The cost of purchasing these annuities is reported within the Fund Account under "Benefits Payable". Income from these annuities is included within "Investment Income".

Derivatives are stated at fair value.

- Swaps are valued based on the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
- Options were valued at fair value using pricing models and relevant market data at the year end date.
- Exchange traded futures were valued as the sum of the daily mark-to-market, which is a calculated difference between the settlement price at the reporting date and the inception date.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- Repurchase agreements ("repo") – the Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount.
- Reverse repurchase agreements ("reverse repo") – the Scheme does not recognise the securities as collateral in the financial statements. The Scheme does recognise the cash delivered to the counterparty as a receivable in the financial statements.

AVC investments are included in the Statement of Net Assets at the market value provided by the AVC investment manager.

4.8 Foreign currency translation

Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated into sterling using the closing exchange rates at the year end.

4.9 Currency

The Scheme's functional and presentational currency is Pound Sterling ("GBP").

Notes to the financial statements for the year ended 31 December 2023 (continued)

5 CONTRIBUTIONS

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Employers:			
Normal	**33**	**-**	**33**
Expenses	**8,262**	**-**	**8,262**
	8,295	**-**	**8,295**
Employees:			
Normal	**-**	**-**	**-**
	-	**-**	**-**
	8,295	**-**	**8,295**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Employers:			
Normal	209	-	209
Expenses	7,986	-	7,986
	8,195	-	8,195
Members:			
Normal	65	-	65
	8,260	-	8,260

Notes to the financial statements for the year ended 31 December 2023 (continued)

6 BENEFITS PAID OR PAYABLE

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Pensions	**47,763**	**-**	**47,763**
Commutations of pensions and lump sum retirement benefits	**10,652**	**-**	**10,652**
Lump sum death benefits	**32**	**-**	**32**
	58,447	**-**	**58,447**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Pensions	44,172	-	44,172
Commutations of pensions and lump sum retirement benefits	10,794	49	10,843
Lump sum death benefits	321	-	321
	55,287	49	55,336

7 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Refunds of contributions	**27**	**-**	**27**
Individual transfers out to other schemes	**4,730**	**214**	**4,944**
	4,757	**214**	**4,971**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Refunds of contributions	-	-	-
Individual transfers out to other schemes	11,134	10	11,144
	11,134	10	11,144

Notes to the financial statements for the year ended 31 December 2023 (continued)

8 ADMINISTRATIVE EXPENSES

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Administration	**794**	**-**	**794**
Actuarial fees	**1,898**	**-**	**1,898**
Legal fees	**1,363**	**-**	**1,363**
Trustee fees and expenses	**264**	**-**	**264**
Audit fees	**91**	**-**	**91**
PPF levy	**344**	**-**	**344**
Other advisor fees	**1,649**	**-**	**1,649**
Irrecoverable VAT	**17**	**-**	**17**
Miscellaneous expenses	**7**	**-**	**7**
	6,427	**-**	**6,427**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Administration	1,576	-	1,576
Actuarial fees	2,157	-	2,157
Legal fees	1,973	-	1,973
Trustee fees and expenses	230	-	230
Audit fees	59	-	59
PPF levy	887	-	887
Other advisor fees	960	-	960
Irrecoverable VAT	-	-	-
Miscellaneous expenses	12	-	12
	7,854	-	7,854

9 TAX

The Atos UK 2019 Pension Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate (see Note 10 below).

Notes to the financial statements for the year ended 31 December 2023 (continued)

10 INVESTMENT INCOME

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Income from bonds	**14,922**	**-**	**14,922**
Income from pooled investment vehicles	**11,821**	**-**	**11,821**
Interest on cash deposits	**754**	**63**	**817**
Gains/(losses) on foreign exchange	**(392)**	**-**	**(392)**
Annuity income	**53**	**-**	**53**
Interest on repos	**(16,291)**	**-**	**(16,291)**
Other investment income	**76**	**-**	**76**
	10,943	**63**	**11,006**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Income from bonds	15,680	-	15,680
Income from pooled investment vehicles	18,506	-	18,506
Interest on cash deposits	204	9	213
Gains/(losses) on foreign exchange	(2,236)	-	(2,236)
Annuity income	114	-	114
Interest on repos	(6,527)	-	(6,527)
Other investment income	2,382	-	2,382
	28,123	9	28,132

Notes to the financial statements for the year ended 31 December 2023 (continued)

11 INVESTMENT MANAGEMENT EXPENSES

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Administration, management and custody	**1,898**	**-**	**1,898**
Fee rebates	**(154)**	**-**	**(154)**
Other advisory fees	**1,667**	**-**	**1,667**
	3,411	**-**	**3,411**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Administration, management and custody	4,290	-	4,290
Fee rebates	(427)	-	(427)
Other advisory fees	588	-	588
	4,451	-	4,451

Notes to the financial statements for the year ended 31 December 2023 (continued)

12 INVESTMENTS

12.1 INVESTMENT RECONCILIATION

Defined Benefit Section

	Opening value	*Purchase costs and derivative payments*	*Sales proceeds and derivative receipts*	*Change in market value*	*Closing value*
	£000	**£000**	**£000**	**£000**	**£000**
Bonds (net)	970,157	556,558	(532,437)	9,086	**1,003,364**
Pooled investment vehicles	674,119	266,566	(320,961)	26,736	**646,460**
Derivatives (net)	(8,393)	530,921	(524,109)	4,704	**3,123**
Insurance policies	1,088	-	-	35	**1,123**
AVC investments	583	-	(10)	(31)	**542**
	1,637,554	1,354,045	(1,377,517)	40,530	**1,654,612**
Cash deposits	14,518				**8,120**
Cash in transit	245				**-**
Other investment balances (net)	(316,681)				**(340,287)**
TOTAL DB NET INVESTMENTS	1,335,636				**1,322,445**

During the year, there were £32,534K transfers of cash between investment managers and £48,574K transfers between asset classes and switches between funds.

Defined Contribution Section

	Opening value	*Purchase costs*	*Sales proceeds*	*Change in market value*	*Closing value*
	£000	**£000**	**£000**	**£000**	**£000**
Pooled investment vehicles	34,645	3,056	(5,018)	3,180	**35,863**
TOTAL DC NET INVESTMENTS	34,645	3,056	(5,018)	3,180	**35,863**

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

All fund managers operating the pooled investment vehicles are registered in the United Kingdom.

All defined contribution assets are held in respect of members. There are no unallocated defined contribution assets.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.2 INVESTMENT TRANSACTION COSTS

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Direct transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. There were no direct transaction costs incurred during the year (2022: £NIL).

Indirect transaction costs are borne by the Scheme in relation to transactions in pooled investment vehicles. Such transaction costs are taken into account in calculating the bid-offer spread of these investments and are not separately reported.

12.3 POOLED INVESTMENT VEHICLES ("PIV")

Defined Benefit Section

The defined benefit section holdings of PIVs are analysed below:

	2023	2022
	£000	£000
Bond fund	**287,815**	253,089
Private debt	**125,595**	121,027
Equity funds	**92,391**	78,883
Cash funds	**36,306**	23,398
Property	**54,477**	165,133
Infrastructure	**49,876**	32,589
	646,460	674,119

Defined Contribution Section

The defined contribution section holdings of PIVs are analysed below:

	2023	2022
	£000	£000
Fixed interest funds	**5,349**	4,828
Equity funds	**26,267**	25,908
Cash funds	**4,247**	3,909
	35,863	34,645

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.4 DERIVATIVES

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme as follows:

Swaps – the Trustee's aim is to match as far as possible the fixed income portfolio and the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate movements. Due to the lack of available long dated bonds the Trustee has entered into Over The Counter ("OTC") interest rate swaps during the year that extend the duration of the fixed income portfolio to better match the longer term liabilities of the Scheme.

Forward foreign exchange ("FFX") – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Futures – the Trustee did not want cash held to be "out of the market" and therefore bought exchange traded index based futures contracts which had an underlying economic value broadly equivalent to cash held.

Options – the Trustee wants to benefit from the potentially greater returns available from investing in equities but wishes to minimise the risk of loss of value through adverse equity price movements. During the year the Scheme held a number of equity option contracts that protect it from falls in value in the main markets in which the Scheme invests.

Summarised details of the derivatives held at the year end are set out below:

	2023		2022	
	Assets	**Liabilities**	Assets	Liabilities
	£000	**£000**	£000	£000
Swaps	**3,061**	**(52)**	1,073	(7,180)
Forward foreign exchange	**875**	**(761)**	92	(2,473)
Futures	**-**	**-**	88	-
Options	**-**	**-**	9	(2)
	3,936	**(813)**	1,262	(9,655)
Net derivative position		**3,123**		(8,393)

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.4 DERIVATIVES (CONTINUED)

(i) Swaps

Nature	Nominal Amount £000	Duration	Asset value at year end £000	Liability value at year end £000
Total return swaps (OTC)	69,069	Less than 6 months	**2,737**	**-**
Currency swaps (OTC)	7,700	Less than 10 years	**324**	**(52)**
Total 2023			**3,061**	**(52)**
Total 2022			1,073	(7,180)

In relation to OTC swaps, the Scheme held £3,228K of collateral in government bonds and no cash collateral at the year end (2022: £8,360K). This collateral is not reported within the Scheme's net assets.

(ii) FFX

Contract	Settlement Date	Currency Bought	Currency Sold	Asset value at year end £000	Liability value at year end £000
Forward FX	15/03/24	£75,219,405	€87,464,221	**-**	**(761)**
Forward FX	15/03/24	£76,471,357	$96,404,381	**875**	**-**
Total 2023				**875**	**(761)**
Total 2022				92	(2,473)

(iii) Futures

The Scheme had exchange traded overseas stock index futures outstanding at the year end relating to its return seeking overseas equity portfolio as follows:

Total 2023	**-**	**-**
Total 2022	88	-

(iv) Options

Total 2023	**-**	**-**
Total 2022	9	(2)

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.5 INSURANCE POLICIES

The Trustee held insurance policies with AEGON and Phoenix Life which provide annuity income to cover pensions for certain members. No collateral is held in relation to these assets.

	2023	2022
	£000	£000
Annuity policies with AEGON	**1,056**	981
With profits policy with Phoenix Life	**67**	107
	1,123	1,088

12.6 ADDITIONAL VOLUNTARY CONTRIBUTIONS INVESTMENTS

Defined Benefit Section

The Trustee holds assets invested separately from the main defined benefit section fund in the form of a managed fund/insurance policies. These secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2023	2022
	£000	£000
Utmost Life and Pensions (unit linked)	**261**	320
Standard Life (with profits)	**9**	9
Standard Life (unit linked)	**272**	254
	542	583

Defined Contribution Section

Additional voluntary contributions for 91 (2022: 101) Defined Benefit Section members are included in the Defined Contribution Pooled Investment Vehicles £1,005K (2022: £1,370K)).

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.7 CASH AND OTHER NET INVESTMENT BALANCES

	2023	2022
	£000	£000
Dividends and interest receivable	**7,859**	8,465
Withholding tax recoverable	**-**	1
Amounts receivable under repurchase agreements (reverse repos)	**165,833**	348,190
	173,692	356,656
Interest payable	**(5,130)**	(6,273)
Amounts payable under repurchase agreements (repos)	**(508,849)**	(667,064)
	(513,979)	(673,337)
	(340,287)	(316,681)

At the year end £377,451K (2022: £2,677K) of bonds, reported within Scheme assets, were held by counterparties under repurchase agreements.

The Scheme held £NIL (2022: £419,000K) of collateral at the year end relating to reverse repurchase agreements. This collateral is not reported within the Scheme's net assets.

12.8 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets:

	2023 £000	2023 % of net assets	2022 £000	2022 % of net assets
Insight Buy & Maintain Bond Fund Inc	**213,713**	**15.6**	200,470	14.5
L&G LPI Income Property Fund	**-**	**-**	165,133	11.9
L&G FTSE TPI Global Equity Fund	**92,391**	**6.7**	78,883	5.7

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.9 INVESTMENTS FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data for the asset or liability, either directly or indirectly).
Level 3	Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement. The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

As at 31 December 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Defined Benefit Section				
Bonds (net)	-	1,003,364	-	1,003,364
Pooled investment vehicles	-	470,989	175,471	646,460
Derivatives (net)	-	3,123	-	3,123
Insurance policies	-	-	1,123	1,123
AVC investments	-	533	9	542
Cash and cash in transit	8,120	-	-	8,120
Other investment balances (net)	7,859	(348,146)	-	(340,287)
	15,979	1,129,863	176,603	1,322,445
Defined Contribution Section				
Pooled investment vehicles	-	35,863	-	35,863
	15,979	1,165,726	176,603	1,358,308

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.9 FAIR VALUE HIERARCHY (CONTINUED)

As at 31 December 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Defined Benefit Section				
Bonds (net)	-	970,157	-	970,157
Pooled investment vehicles	-	520,505	153,614	674,119
Derivatives (net)	-	(8,393)	-	(8,393)
Insurance policies	-	-	1,088	1,088
AVC investments	-	574	9	583
Cash and cash in transit	14,763	-	-	14,763
Other investment balances (net)	8,466	(325,147)	-	(316,681)
	23,229	1,157,696	154,711	1,335,636
Defined Contribution Section				
Pooled investment vehicles	-	34,645	-	34,645
	23,229	1,192,341	154,711	1,370,281

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

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

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk**: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Defined Benefit Section

The table below summarises the risks each asset class held by the Scheme was exposed to (either directly or indirectly) over the period to 31 December 2023.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Vehicle	Fund	Market risk						Credit risk	
		Currency risk		Interest rate risk		Other price risk			
		Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Pooled fund	LGIM Global equities		✓				✓	✓	
Pooled fund	Mercer Senior Private Debt ("SPD")	✓	✓		✓			✓	✓
Pooled fund	LGIM High Lease to Value ("HLV") Property						✓	✓	
Pooled fund	LGIM Sterling Liquidity Fund ("SLF")				✓			✓	✓
Pooled fund	Mercer UK Cash Fund				✓			✓	✓
Pooled fund	Schroders GBP Liquidity Fund				✓			✓	✓
Pooled fund	Schroders EUR Liquidity Fund	✓	✓		✓			✓	✓
Pooled fund	Schroders USD Liquidity Fund	✓	✓		✓			✓	✓
Pooled fund	Insight Buy and Maintain		✓		✓			✓	✓
Pooled fund	Hermes Absolute Return Credit Fund		✓		✓		✓	✓	✓
Pooled fund	PIMCO Global LIBOR Plus		✓		✓		✓	✓	✓
Pooled fund	Mirova Energy Transition 5 Fund	✓	✓		✓		✓	✓	
Pooled fund	Stonepeak Global Renewables Fund	✓	✓		✓		✓	✓	
Segregated fund	Amundi Corporate Bonds	✓		✓		✓		✓	
Segregated fund	Schroders Gilts and Derivatives (Liability Driven Investment ("LDI"))	✓		✓		✓		✓	

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Investment strategy

The Scheme has direct and indirect exposure to the above risks because of the investments it makes to implement its investment strategy. The Trustee manages its investment risks within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee through regular reviews of the investment portfolios. The main priority of the Trustee when considering the investment policy for the Defined Benefit Section is to aim to ensure that the benefits payable to members are met as they fall due. The Trustee sets the investment strategy taking into account considerations such as the strength of the Employer covenant, the long-term liabilities of the Scheme and the funding plan agreed with the Employer. The investment strategy is set out in the Statement of Investment Principles ("SIP") and the Investment Policy Implementation Document ("IPID").

At 31 December 2023, the Scheme's current target investment strategy was set out as follows:

Asset Class	Strategic Asset Allocation (%)
Climate-focused passive equities	7.0
Absolute return bonds	6.0
SPD	9.0
Renewable infrastructure	5.0
UK HLV	5.0
Corporate bonds	31.0
LDI Portfolio	37.0
Total	100.0

The actual allocations will vary due to market price movements. In addition, the Scheme's allocations to the SPD and renewable infrastructure are drawn down over time and so the actual asset allocations will deviate from the outlined strategy for a number of funds.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Market risk

The Scheme is exposed to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

(i) Currency risk

Pooled funds

The Scheme is subject to direct currency risk via pooled investment vehicles which are not denominated in sterling. At 31 December 2023, the Scheme's allocation to such pooled funds represented 15.1% (2022: 11.3%) of the total investment portfolio. The Trustee has not set limits to overseas currency exposure, although it has considered the risks in the context of the Scheme's investment strategy. Over the year to 31 December 2023, the Trustee has sought to hedge 100% of the currency risk arising from these investments. The Trustee does not hedge against indirect risk arising from overseas and emerging market equities as these exposures are expected to be well diversified across a broad range of foreign currencies.

The Scheme is subject to indirect currency risk, arising from the Scheme's investment in sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currencies. At 31 December 2023, the Scheme's allocation to such pooled funds represented 43.6% (2022: 21.2%) of the total investment portfolio. This includes allocations to funds where the foreign currency exposure is hedged back to sterling.

Segregated currency hedging

The Scheme is subject to direct currency risk arising from the investment in a segregated currency hedging mandate managed by the LDI manager. The purpose of the hedging portfolio is to hedge out the currency risk arising from the Scheme's Mirova, Stonepeak and SPD investments.

Segregated Schroders LDI/segregated Amundi credit

The Scheme is subject to currency risk from holdings in the Schroders LDI mandate due to the use of FX forward derivatives that are used to hedge the direct currency risk from pooled investment vehicles.

The Scheme is subject to currency risk from holdings in the Amundi credit mandate due to minimal Euro exposure.

(ii) Interest rate risk

Pooled funds

The Scheme is subject to indirect interest rate risk from holdings in pooled investment vehicles which have exposure to fixed income assets The value of such pooled funds as at 31 December 2023 represented 37.5% (2022: 28.1%) of the total investment portfolio. The indirect interest rate risk that these assets are exposed to is not hedged.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Segregated Schroders LDI/ segregated Amundi credit

The Scheme is subject to direct interest rate risk because some of the Scheme's investments are held in bonds, gilts, repurchase agreements and cash through investments in the Schroders LDI portfolio. The Scheme is also subject to direct interest rate risk as some of the Scheme's investments are held in corporate bonds (through segregated credit mandates managed by Amundi). The Trustee has considered these risks in the context of the Scheme's investment strategy.

The objective of the LDI portfolio is to invest in a portfolio of assets that, in combination with the corporate bonds assets, hedges the interest rate and inflation sensitivity of a portion of the Scheme's liabilities. If interest rates fall, the value of the LDI and corporate bond investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate.

Similarly, if interest rates rise, the LDI and corporate bond investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

As at 31 December 2023, the LDI and segregated corporate bond investments represented 50.6% of the total investment portfolio (2022: 50.2%).

(iii) Other price risk

Pooled funds

Indirect other price risk arises principally in relation to the underlying investments in pooled investment vehicles in the Scheme's return-seeking portfolio, which includes allocations to equities, property, infrastructure and fixed income, for which the price can be affected by inflation and other factors. At 31 December 2023, the exposure to such pooled funds represented 29.8% of the total investment portfolio (2022: 48.5%).

Segregated Schroders LDI/ segregated Amundi credit

The Scheme is subject to direct other price risk from holdings in the segregated LDI portfolio and Amundi Credit mandate. As at 31 December 2023, these assets represented 50.6% of the total investment portfolio (2022: 50.2%).

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Credit risk

Pooled funds

Pooled investment arrangements used by the Scheme comprise unit-linked contracts, open ended investment companies and shares of limited liability partnerships. The Scheme's holdings in pooled investment vehicles are not rated by credit rating agencies. The Trustee manages and monitors the credit risk arising from its pooled investment arrangements by considering the nature of the arrangement, the legal structure and regulatory environment.

The Scheme is subject to direct credit risk because it holds investment assets with the managers listed on page 1. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. Cash held by the pooled manager's custodian is not ring-fenced but the credit risk arising on this is mitigated by investing cash in liquidity funds.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles, including the Hermes, PIMCO, Insight and SPD portfolios as well as from the Scheme's investments in liquidity funds. The value of such pooled funds as at 31 December 2023 represented 33.8% (2022: 29.3%) of the total investment portfolio.

Through the Scheme's allocation to PIMCO, Hermes and SPD, the Trustee invests in funds which hold non-investment grade credit rated instruments with a view to adding value and indirect credit risk is mitigated through diversification of the underlying securities to minimise the impact of default by any one issuer.

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

Instrument	31 December 2023 Market value £'000	31 December 2022 Market value £'000
Unit linked contracts	166,140	244,058
Open ended investment companies	304,849	276,447
Shares of limited liability partnerships	175,471	153,614
Total	**646,460**	674,119

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

Credit risk (continued)

Segregated Schroders LDI/segregated Amundi credit

The Scheme is subject to direct credit risk because the Scheme directly invests in sovereign government bonds, corporate bonds and over-the-counter ("OTC") derivatives, has cash balances and enters into repurchase agreements through its investment in a segregated LDI portfolio managed by Schroders and a segregated corporate bond portfolio managed by Amundi. 34.3% of total assets were invested in LDI at 31 December 2023 and 16.3% of total assets were invested in the Amundi Credit portfolio at 31 December 2023 (2022: Schroders 33.4% and Amundi: 15.4%).

The notes below provide more detail on how this risk is managed and mitigated for the different classes held within the LDI portfolio, and where applicable, the Amundi Credit portfolio on a "look through" approach.

Government bonds: The Scheme invests only in government bonds issued by the UK government. Credit risk arising on bonds held directly is deemed minimal, as UK government is rated AA by Standard & Poor's, AA- by Fitch and rated at Aa3 by Moody's.

Corporate bonds: Direct credit risk arising on corporate bonds held directly through the LDI portfolio and Amundi Credit portfolio is mitigated by only investing in corporate bonds which are rated investment grade. The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's or Fitch, or rated at Baa3 or higher by Moody's.

Cash balances: Direct credit risk arising on cash held within financial institutions is mitigated by ensuring cash is held within a diversified range of institutions which are rated investment grade.

Derivatives: Direct credit risk arises on over-the-counter ("OTC") derivatives.

OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements as disclosed above. The collateral position as at 31 December 2023 was as below:

	2023 Value (£m)	2022 Value (£m)
Total deliverable capital	436.6	439.9
Adjusted deliverable capital	405.6	419.0

Credit risk also arises on forward foreign currency contracts used to hedge foreign currency exposure back to sterling. There are no collateral arrangements for these contracts, but all counterparties are required to be at least investment grade.

Repurchase agreements: Direct credit risk on repurchase agreements entered through the LDI portfolio is mitigated through collateral arrangements.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

(b) Defined contribution section

The Trustee recognises that members have differing investment needs and that these may change during the course of members' working lives. The Trustee also recognises that members have different attitudes to risk. The Trustee believes that members should make their own investment decisions based on their individual circumstances. The Trustee regards their duty as making available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs.

Typically, a proportion of members will actively choose the default option because they feel it is most appropriate for them. However, the vast majority of DC Scheme members do not make an active investment decision and are invested in the default option. In addition to the default lifestyle strategy, members are also able to choose an alternative lifestyle option with a longer de-risking period (10 years compared to 5 for the default).

A range of self-select investment options is also available for members wishing to build their own investment portfolio. The SIP outlines the current investment objectives and strategy for the assets of the Scheme. The self-select investment options in which members are currently invested are as follows:

- BlackRock DC Index-Linked Gilt Fund
- BlackRock DC Pre-Retirement
- BlackRock 60/40 Global Equity Index Tracker
- BlackRock DC 50/50 Global Growth
- BlackRock DC 70/30 Global Growth
- BlackRock DC Aquila 30:70 Global Equity Fund
- BlackRock DC Aquila World EX-UK EQ IDX J
- BlackRock DC UK Growth
- BlackRock UK Equity Index Tracker
- BlackRock DC Cash
- BlackRock 60/40 Global Growth

Deferred members may still be invested within this lifestyle strategy, which reduces member investment in the BlackRock DC 70/30 Global Growth Fund, moving into the BlackRock DC Pre-Retirement Fund starting five years from retirement. The Scheme no longer has a qualifying default investment option as set out in the appropriate regulations, primarily as the Scheme is closed to future accrual and there have been no contributions received in the period covered.

Day-to-day management of the assets is delegated to BlackRock Investment Management (UK) Limited ("BlackRock"), who are regulated by the Financial Conduct Authority ("FCA"), via the long-term insurance policy with the Platform Provider, Scottish Equitable plc (part of Aegon UK). The Trustee expects BlackRock, in their capacity as investment manager, to manage the assets delegated to them under the terms of their contracts.

The investment managers have full discretion to buy and sell investments on behalf of the Scheme, subject to agreed constraints and applicable legislation.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

The Trustee recognises that it is not possible to specify investment restrictions where assets are managed via pooled funds. The Trustee will ensure that those members who wish to invest on a self-select basis have access to a range of funds that cater for different risk appetites and requirements.

Credit risk

The Scheme is subject to direct credit risk through its insurance policies with the Platform Provider, which it uses to access the Scheme's fund range. The Platform Provider is regulated by the FCA. The Platform Provider invests the Scheme's assets in its own investment funds. In the event of the Platform Provider becoming insolvent, the Scheme is protected by the Financial Services Compensation Fund ("FSCS"), and may be able to make a claim for 100% of its policy value, although noting that compensation is not guaranteed. The BlackRock investment vehicles and reinsurance arrangements are not covered by the FSCS in the event of insolvency or the failure of BlackRock, its custodian or any third-party reinsurer (in the case of reinsurance arrangements). Any payment of claims in these events would therefore depend on the legal context of the triggering event, the structure of contractual relationships and the priority of claims.

The Scheme is also subject to indirect credit and market risk arising from the underlying investments held in the funds:

• Indirect credit risk arises in relation to underlying bond and cash investments held in pooled investment vehicles.

• Indirect currency risk arises from the Sterling priced pooled investment vehicles which hold underlying investments denominated in foreign currency.

• Indirect market risk arises where the underlying investments of a pooled investment vehicle are exposed to interest rate, currency or other price risks.

The Trustee has considered indirect risks in the context of the investment strategy.

The risks disclosed below relate to each of the Scheme's investments. As members are able to choose their own investments from the range of funds offered by the Trustee, it should be noted that member level risk exposures will be dependent on the funds chosen by members.

The pooled investments vehicles are invested in unit linked contracts and are unrated.

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

During the year, the following funds were exposed to credit risk, foreign exchange, interest rate and other price risk arising from the underlying financial instruments held.

Sema Pension Scheme members:

	Exposed to					Valuation	Valuation
	Credit risk		Currency risk	Interest rate risk	Other price risk	As at 31 December 2023 £'000	As at 31 December 2022 £'000
	Direct	Indirect	Indirect				
BlackRock DC index-linked Gilt	✔	✔		✔	✔	5,349	4,828
BlackRock DC Pre-Retirement	✔	✔		✔	✔	5,516	4,819
BlackRock 60/40 Global Equity Index Tracker	✔		✔		✔	96	87
BlackRock DC 50/50 Global Growth	✔		✔		✔	145	127
BlackRock DC 70/30 Global Growth	✔		✔		✔	19,462	19,168
BlackRock DC Aquila 30/70 Global Equity	✔		✔		✔	18	15
BlackRock DC World Ex-UK Equity Index	✔		✔		✔	127	118
BlackRock DC UK Growth	✔				✔	102	116
BlackRock UK Equity Index Tracker	✔				✔	18	8
BlackRock DC Cash	✔	✔		✔	✔	4,247	3,898

Notes to the financial statements for the year ended 31 December 2023 (continued)

12.10 INVESTMENT RISKS (CONTINUED)

During the year, the following funds were exposed to credit risk, foreign exchange, interest rate and other price risk arising from the underlying financial instruments held.

Origin Pension Scheme members:

	Exposed to					Valuation	Valuation
	Credit risk		Currency risk	Interest rate risk	Other price risk	As at 31 December 2023 £'000	As at 31 December 2022 £'000
	Direct	Indirect	Indirect				
BlackRock DC Pre-Retirement Class J	✔	✔		✔	✔	-	312
BlackRock 60/40 Global Equity Index Tracker Class H	✔		✔		✔	694	670
BlackRock DC 60/40 Global Growth Class J	✔		✔		✔	2	2
BlackRock DC 70/30 Global Growth	✔		✔		✔	-	388
BlackRock DC World Ex-UK Equity Index Class J	✔		✔		✔	-	1
BlackRock DC UK Growth Class H	✔				✔	50	44
BlackRock UK Equity Index Tracker Class H	✔				✔	36	33
BlackRock DC Cash Class J	✔	✔		✔	✔	-	11

Notes to the financial statements for the year ended 31 December 2023 (continued)

13 CURRENT ASSETS

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Contributions receivable			
- Employer	**3**	**-**	**3**
Balance at bank	**13,056**	**1,048**	**14,104**
Bank interest receivable	**135**	**17**	**152**
Pensions paid in advance	**3,417**	**-**	**3,417**
Benefits paid in advance	**103**	**-**	**103**
Other debtors	**131**	**-**	**131**
Tax recoverable	**293**	**-**	**293**
Due from DC section	**-**	**-**	**-**
	17,138	**1,065**	**18,203**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Contributions receivable			
- Employees	3	-	3
Balance at bank	9,293	1,449	10,742
Bank interest receivable	96	5	101
Pensions paid in advance	3,188	-	3,188
Benefits paid in advance	-	-	-
Other debtors	779	-	779
Tax recoverable	287	-	287
Due from DB section	-	12	12
	13,646	1,466	15,112

All contributions due to the Scheme as at 31 December 2023 and 31 December 2022 were paid in full to the Scheme in accordance with the Schedule of Contributions, and therefore do not count as employer-related investments.

There are unallocated defined contribution cash holdings of £55K as at 31 December 2022 (2022: £5K).

Notes to the financial statements for the year ended 31 December 2023 (continued)

14 CURRENT LIABILITIES

	Defined Benefit Section	**Defined Contribution Section**	**Total 2023**
	£000	**£000**	**£000**
Unpaid benefits	**1,532**	**-**	**1,532**
Accrued expenses	**2,336**	**-**	**2,336**
Due to DC section	**-**	**-**	**-**
	3,868	**-**	**3,868**

	Defined Benefit Section	Defined Contribution Section	Total 2022
	£000	£000	£000
Unpaid benefits	414	-	414
Accrued expenses	2,084	-	2,084
Due to DC section	12	-	12
	2,510	-	2,510

15 TRANSFERS BETWEEN SECTIONS

During the period, £2,212K (2022: £1,703K) of DC assets were transferred into the DB Section to allow members to utilise these funds as part of their cash free entitlement within the DB Scheme.

During the period, £NIL (2022: £33K) of DB assets were transferred into the DC section to allow a member to utilise their funds as part of their benefits within the DC Scheme.

16 RELATED PARTY TRANSACTIONS

Trustee fees paid to Independent Trustee Services in respect of the year amounted to £212K (2022: £193K), and other Trustee Directors £58K (2022: £37K). This is included in Trustee fees in note 8. Of this amount £48K was payable at the year-end (2022: £34K).

17 POST BALANCE SHEET EVENT

In December 2023 Atos wrote to a group of 187 former NS&I employees, each of whom retained a deferred benefit in the Scheme following the cessation of their active membership on 31 August 2022. The letter noted that the members had commenced future pension accrual within the Civil Service Pension Arrangements ("CSPA") on 1 September 2022 and confirmed the basis on which they could now transfer their deferred benefit from the Scheme to the CSPA. The letter set out the timescales within which the members would need to reach a decision on whether or not to transfer their deferred benefit to the CSPA and confirmed that if they did not take any action then their benefits would remain in the Scheme.

At the conclusion of the option election period on 19 April 2024, 72 members had confirmed their decision to proceed with the transfer of their deferred benefit to the CSPA.

Notes to the financial statements for the year ended 31 December 2023 (continued)

17 POST BALANCE SHEET EVENT (CONTINUED)

The remaining members had either confirmed their decision not to transfer (37 members), had failed to engage in the transfer process (63 members) or were no longer eligible to participate having already drawn their benefits from the Scheme (12 members) or ceased future accrual in the CSPA (3 members).

Following the receipt of advice from the Scheme Actuary, the Trustee approved the basis for calculation of the bulk transfer amount which was confirmed on 3 July 2024 as £19,194,406. The payment of the transfer amount from the Scheme to the CSPA was completed on 12 July 2024. To ensure sufficient liquidity for the transfer payment, the Trustee authorised the full redemption of assets invested in the Hermes Absolute Return Bond Fund. Following submission of the disinvestment instruction, the Trustee received £19,132,059 from Hermes on 9 July 2024. The remaining £62,346 required to complete the transfer payment was drawn from available funds within the Scheme bank account.

18 CONTINGENCIES AND COMMITMENTS

<u>COMMITMENTS</u>

At the year end, the Scheme had outstanding capital commitments to investment in Mercer Senior Private Debt of £26,863K (2022: £41,556K), Stonepeak of £39,165K (2022: £49,312K) and Mirova of £16,966K (2022: £30,017K).

<u>CONTINGENCIES</u>

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. In November 2020 a further High Court judgement was made in respect of GMP equalisation and historic transfer values. The judge ruled that historic transfer values would fall under the scope of GMP equalisation and that trustees of pensions schemes remain liable to members where transfer value payments reflected unequalised GMP benefits.

The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and has given this a certain amount of consideration following discussions with their advisers. Given the complex nature of this issue, there are a number of decisions that need to be worked through before agreeing next steps.

Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the Financial Statements. Nevertheless an approximate allowance for the impact of this has been included within the liabilities at 31 December 2019, as set out on page 6 in these financial statements. This will be updated once the true amounts have been determined for the members affected.

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993. It has the potential to have a significant impact on the pensions industry. The Trustee will keep this issue under review. It is not possible at present to estimate the potential impact, if any, on the Scheme.

19 EMPLOYER RELATED INVESTMENTS

At 31 December 2023 the Scheme had a no exposure to employer related investments (2022: NIL).

Section 6 – Independent Auditor's Statement About Contributions

Independent Auditor's Statement about Contributions to the Trustee of the Atos UK 2019 Pension Scheme

Statement about Contributions

We have examined the Summary of Contributions payable under the Schedule of Contributions to the Atos UK 2019 Pension Scheme in respect of the Scheme year ended 31 December 2023 which is set out on page 62.

In our opinion contributions for the Scheme year ended 31 December 2023 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Actuary on 22 December 2020.

Scope of work on statement about contributions

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

Respective responsibilities of Trustee and auditor

As explained more fully in the statement of Trustee's responsibilities set out on page 62, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Fund by or on behalf of the Employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

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

The purpose of our work and to whom we owe our responsibilities

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

G. Broom

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
Date: 31 July 2024

Section 7 – Summary of Contributions

Statement of Trustee's Responsibilities in Respect of Contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is, prepared, maintained and from time to time revised, a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer of the Fund and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the Schedule.

Trustee's Summary of Contributions payable and reported on in the Auditor's Statement in respect of the Scheme year ended 31 December 2023

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the Actuary on 22 December 2020 in respect of the year ended 31 December 2023. The Scheme auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

During the year, the contributions payable to the Scheme by the employer under the Schedule of Contributions were:

	Employer
	£000
Contributions payable to the Scheme by the employer under the Schedule of Contributions	
Normal contributions	33
Expense contributions	8,262
Total contributions payable under the Schedule of Contributions (as reported on by the Scheme auditor and reported in the financial statements)	**8,295**

Signed for and on behalf of the Trustee of the Atos UK 2019 Pension Scheme by:

Trustee Director

Trustee Director

31/07/2024

Date

Section 8 – Actuarial Certificate

Appendix: Certification of Schedule by the Scheme Actuary

Name of scheme: **Atos UK 2019 Pension Scheme (Main Section)**

Adequacy of rates of contributions

1 I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2019 to be met by the end of the period specified in the recovery plan dated 22 December 2020.

Adherence to statement of funding principles

2 I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 22 December 2020.

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

Martin G Bell

Martin G Bell
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited,
a Willis Towers Watson company

22 December 2020
Authorised and regulated by the Financial Conduct Authority

Watson House
London Road
Reigate
Surrey
RH2 9PQ

Atos UK 2019 Pension Scheme Chair's Statement 31 December 2023

Introduction

This is the Chair's Statement ('the Statement') for the Atos UK 2019 Pension Scheme ('the 2019 Scheme') covering the period 01 January 2023 to 31 December 2023.

As the Chair of Atos Pension Schemes Limited (the 'Trustee'), I provide the Statement to explain the steps taken to meet the required governance standards that apply to Defined Contribution ('DC') pension arrangements. The Statement covers the DC benefits and Additional Voluntary Contributions ('AVCs' - which are a type of DC benefit) which were held in the 2019 Scheme during the period ending 31 December 2023.

The law sets out the information which must be included in the Statement. Our governance of the 2019 Scheme is focused on how we can help members achieve a good outcome from their pension savings. Therefore, where we think it useful, we have provided more detail than is required.

Our Scheme Administrator can provide you with support on all benefit matters, and they can be contacted at:

Atos UK 2019 Pension Scheme

C/o Hymans Robertson LLP

Administration Team

PO Box 27169

Glasgow, G2 9NE

Email atos@hymans.co.uk

Telephone 0121 212 8151

We will continue to communicate with you via Annual Benefit Statements and other correspondence as may become necessary throughout the year.

As part of discussions on the changes to the arrangements for DC benefits, Atos and the Trustee agreed to investigate the discharge of the accumulated funds previously built up in the SEMA Personal Money Fund and Sema Group Money Purchase Plan through a bulk transfer from the 2019 Scheme to the Atos DC Pension Scheme, which is part of the Aegon Master Trust (the 'Master Trust'). The Trustee, having taken external legal and investment advice and having compared the benefits and features of the Master Trust against the 2019 Scheme have agreed to the Company request to transfer legacy DC pots to the Master Trust, and this transfer is expected to complete during 2024. Any members with cash protection in Sema PMF or Sema MPP will however remain in the Scheme post this bulk transfer.

The last AVC policy held with Phoenix Life under the Scheme crystalised in 2022.

01.01 Establishment of the 2019 Scheme & initial merger

The 2019 Scheme was established by the first Definitive Deed dated 18 June 2019 in order to provide pensions and lump sum benefits on retirement and death for its members and to house benefits from several of Atos' legacy pension arrangements.

On 1 November 2019, the DC and AVC assets and liabilities from the Atos (SEMA) Pension Scheme, the Atos Pension Fund, and the Atos CS Pension Scheme (the 'Initial Legacy Schemes') were transferred into the 2019 Scheme.

The benefits held in the 2019 Scheme are provided to members from 'Sections' which mirror the Initial Legacy Schemes. Table 1, shows which Sections have each type of benefit:

TABLE 1	SEMA PMF Section	APF MPP Section	CS Section
Defined Contribution (DC) benefits	✓	✓	-
Additional voluntary contributions (AVCs)	✓	-	✓

All of the benefits held in the 2019 Scheme are on behalf of 'deferred' members meaning there are no new contributions being paid.

Independent Governance Group Limited 'IGG' (formerly called ITS) has been appointed as the Chair of the Trustee since the 2019 Scheme's inception and the Statement is signed in my capacity as Director of IGG as the Chair of Atos Pension Schemes Limited.

Neither the 2019 Scheme, nor the Initial Legacy Schemes, have ever been used as qualifying arrangements to comply with the automatic enrolment requirements.

For a period between December 2020 until 19 July 2021, the 2019 Scheme held DC benefits moved into it from the Atos UK 2011 Pension Scheme ('2011 Scheme'). These were transferred out of the 2019 Scheme on 19 July 2021 and now reside in the Aegon Master Trust, and so any members seeking information on those benefits should contact that arrangement.

01.02 Queries

If you have any questions about anything within this Statement, or any suggestions about what can be improved, please contact the Secretary to the Trustee: Richard Harris, XPS Pensions Group, 11 Strand, London, WC2N 5HR, Richard.Harris@xpsgroup.com

02 **Investment Options**

Statement of Investment Principles (SIP)

A copy of the SIP, which sets out the objectives for the 2019 Scheme's investment strategy can be found on the

Trustee's website https://atos2019scheme.co.uk/media/a0wdczlc/atos_uk_2019_pension_scheme_-_sip_-_october_2023.pdf

02.01 The investment options

The 2019 Scheme was not used for automatic enrolment purposes during the period covered by this Statement. None of the Sections had a "default arrangement" for the purposes of the relevant regulations during this period. However, the Statement does include commentary on the default investment options ('Default Funds') for all Sections that exist to aid member understanding and to ensure you are informed of these and the Trustee's governance of them in the reporting year. The default arrangements were last reviewed on 25 February 2020 and considered both performance and strategy. It was concluded that no changes were to be made at that time. A more recent review has not taken place given the Trustee's plan to move the DC assets held in the Scheme to the Aegon Master Trust in 2024. The Trustee has undertaken analysis to identify any members with a protected cash entitlement who would be financially worse off if included in the bulk transfer. It is therefore the intention that any members identified as having a cash protection in the Sema PMF or Sema MPP will remain in the Scheme and so an investment review of the funds available for the remaining population will be undertaken following completion of the transfer exercise.

An explanation of the DC categories and their investments

There are different categories of benefits within the different Sections. We have split these out in order that you can see which investment options are available within each.

The APF Money Purchase Plan ('APF MPP') which is part of the APF Section and the SEMA Personal Money Fund ('SEMA PMF') which is part of the SEMA Section:
Members can choose from a range of self-select fund options within the SEMA PMF and the APF MPP categories. All the funds are managed by the investment manager BlackRock, from within a platform provided by AEGON. Each of these categories has a default investment option (referred to in the Statement as the "Default Funds"). If members did not make an investment decision when joining, they were invested in these options (they can also select these options if they wish). The Default Funds are:

> For the APF MPP: the 'Fund Select' uses the BlackRock 60/40 Global Equity Index Tracker in the growth phase, transitioning to the BlackRock DC Pre-Retirement Fund over a 5-year period from age 60 to 65 (Normal Retirement Date).

> For the SEMA PMF: the 'Lifestyle Strategy' uses the BlackRock 70/30 Global Growth Fund in the growth phase, transitioning to a combination of the BlackRock DC Pre-Retirement Fund, BlackRock DC Index Linked Gilts Fund and BlackRock DC Cash Fund over either a 5-year ('Growth Lifestyle') or 10-year ('Stability Lifestyle') period prior to age 60 (Normal Retirement Date).

The SEMA Group Money Purchase Plan ('SEMA MPP') which is part of the SEMA Section:
The SEMA MPP was established by an interim Trust Deed and Rules dated 1 May 1988 and was subsequently governed by a Definitive Trust Deed and Rules dated 29 May 1996 (as amended). The members were contracted-out of the State Earnings Related Pension Scheme (State Additional Pension) until 31 August 1998, the effective date on which the certificate was surrendered following Sema Plc's (the SEMA MPP's Principal Employer) decision to cease contributions and commence the wind-up of the SEMA MPP. Contributions paid by members and Sema Plc were invested in the Merrill Lynch Balanced Portfolio Fund and provided benefits on a DC basis.

Benefit accrual ceased on 31 August 1998, at which point active members were given the opportunity to join the Sema Group Pension Scheme ('the Sema Scheme') for future accrual. The Sema Scheme would subsequently change its name to the Sema Group Pension Scheme, the Atos Origin (Sema) Pension and then finally the Atos (Sema) Pension Scheme prior to being wound up in 2020 following the bulk transfer of assets and liabilities to the 2019 Scheme.

Investment Options
continued

Active members of the SEMA MPP were given the opportunity to exchange their accrued DC benefits for a defined benefit ('DB') pension within the Sema Scheme. Where an active member did not respond to the offer or did not wish to accept it, their accrued DC benefits were transferred to the Sema Scheme where they continued to be administered on a DC basis.

The offer of a DB pension benefit was not extended to deferred members. These members could either transfer to an alternative arrangement of their choice or retain a DC benefit in the Sema Scheme.

On completion of the transfer the DC funds accumulated by SEMA MPP members were invested with the Sema Scheme's DB assets in accordance with the Trustee's investment strategy. Members receive a return on their accumulated funds by reference to a notional unit price which is updated on a monthly basis and replicates the performance of the BlackRock Balanced Growth Portfolio Fund. At retirement, members are able to access an internal conversion facility, and there is also an option to take some or all of their benefits as a lump sum. Members wishing to access the full range of DC freedoms and flexibilities introduced in 2015 need to transfer their DC funds to an alternative arrangement that provides them.

The administration costs of the 2019 Scheme are met by Atos. Members receive an annual statement confirming the value of their DC funds together with a projection of potential benefits at retirement.

An explanation of the AVC categories and their investments

Members have a range of investment fund options, which vary dependent on the category they are in. Table 2 shows which investment providers are available for each.

TABLE 2	SEMA PMF Section	APF MPP Section	CS Section
Utmost Life & Pensions	✓	-	✓
Standard Life	✓	-	✓
Main Fund*	✓	-	-

* Members of the SEMA Section may hold AVCs within the 'Main Fund' option, under which their AVC contributions are invested within the SEMA Final Salary Section assets. The fund holdings and values are determined by the Scheme Administrator based on a notional unit price calculated monthly.

We now move on to explain investment performance and provide details of the charges and costs met by members under each of these Sections and categories.

03 Net Returns

03.01 Investment Performance

Trustees must report on the net investment returns for the default arrangement(s) and for each fund which scheme members are, or have been able to, select, and in which scheme members are invested during the scheme year.

Net investment returns refer to the returns on funds after the deduction of all transaction costs and charges and including them in the Statement is intended to help members understand how their investments are performing.

The Trustee confirms that, in completing this section of the Statement, it has had regard to statutory guidance issued by the Department for Work and Pensions. The Trustee also confirms that the relevant parts of this section will be published on the 2019 Scheme's website and notified to members in their Annual Benefit Statements.

03.02 Fund Performance

This table shows how the Default Funds have performed for members at three different ages, over the last one, three and five years with a target retirement date of 65 (aside from the SEMA PMF which is 60).

All figures are as at 31 December, annualised for the 3 years and 5 years.

APF MPP	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Aegon BlackRock 60/40 Global Equity Index Tracker	%	%	%
Age 25 at start of period	8.46	8.18	10.79
Age 45 at start of period	8.46	8.18	10.79
Age 55 at start of period	8.46	8.18	10.79

SEMA PMF (Growth Lifestyle option)	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Aegon BlackRock 70/30 Global Growth	%	%	%
Age 25 at start of period	10.09	7.46	13.98
Age 45 at start of period	10.09	7.46	13.98
Age 55 at start of period*	4.00	2.98	12.97

**Assumes the median lifestyle matrix proportion between start and end period applies over the whole period*

Net Returns
continued

SEMA PMF (Stability Lifestyle option)	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Aegon BlackRock 70/30 Global Growth	%	%	%
Age 25 at start of period	10.09	7.46	13.98
Age 45 at start of period	10.09	7.46	13.98
Age 55 at start of period*	0.95	-2.25	8.41

**Assumes the median lifestyle matrix proportion between start and end period applies over the whole period Source: Aegon/ XPS Pensions. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest. The level of charges and transaction costs paid by members on the Default Funds may vary throughout a member's lifetime as a result of the changing investment mix.*

SEMA MPP

SEMA MPP members receive a return on their accumulated DC funds by reference to a notional unit price based on the "BlackRock Balanced Growth Portfolio Fund" which is updated on a monthly basis. Returns on this fund have been (all annualised to 31 March 2024, net of costs) over 1 year 10.85%, over 3 years 3.80%, over 5 years 7.09%. The Trustees requested returns for the period to 31 December 2023 but these were not available and will continue to seek these and include these in future reports if available at that time.

03.03 Self-Select Funds

As self-select funds are constant profiles and unlike the Default Funds do not lifestyle funds in line with age or time to retirement, they can be shown as a single value for each fund. Fund performance has been shown for 5 years, 3 years and the last Scheme Year. All figures are as at 31 December (unless otherwise stated), annualised for the 3 years and 5 years.

APF MPP	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Self-Select Funds	%	%	%
Aegon BlackRock 60/40 Global Equity Index Tracker	8.46	8.18	10.79
Aegon BlackRock 60/40 Global Growth	10.54	7.41	14.26
Aegon BlackRock 70/30 Global Growth	10.09	7.46	13.98
Aegon BlackRock Cash	1.28	1.85	4.53
Aegon BlackRock Pre-Retirement	-2.14	-9.42	6.44
Aegon BlackRock UK Equity Index Tracker	6.64	8.65	8.17
Aegon BlackRock UK Growth	8.57	7.58	13.18
Aegon BlackRock World (ex-UK) Equity Index	13.13	9.56	18.43

Net Returns
continued

SEMA PMF	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Self-Select Funds	%	%	%
Aegon BlackRock 30/70 Currency Hedged Global Equity Index	10.02	7.28	16.62
Aegon BlackRock 50/50 Global Growth	11.11	7.54	14.73
Aegon BlackRock 60/40 Global Equity Index Tracker	8.46	8.18	10.79
Aegon BlackRock 70/30 Global Growth	10.09	7.46	13.98
Aegon BlackRock Cash	1.28	1.85	4.53
Aegon BlackRock Index-Linked Gilt	-4.95	-13.52	0.66
Aegon BlackRock Pre-Retirement	-2.14	-9.42	6.44
Aegon BlackRock UK Equity Index Tracker	6.62	8.63	8.15
Aegon BlackRock UK Growth	8.68	7.68	13.29
Aegon BlackRock World (ex-UK) Equity Index	13.13	9.56	18.43

Source: Aegon & BlackRock. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

Net Returns
continued

03.04 AVC Funds

Provider	Fund Name	5 years (2018-2023)	3 years (2020-2023)	1 year (2023)
Utmost Life & Pension	JPM Multi-Asset Cautious (QRAV)	-	-1.29	4.21
	JPM Multi-Asset Moderate (QRAV)	-	2.41	8.95
	JPM Multi-Asset Growth (QRAV)	-	4.18	10.94
	Money Market (EU41)	1.24	2.07	4.76
	Managed	5.15	4.83	8.13
	Global Equity	10.62	10.97	18.87
	Clerical Medical With Profits Investment	Information requested*		
Standard Life	Managed Pension	5.04	2.50	6.50
	SL Stock Exchange Pension	7.19	5.31	8.60
	Pension Millennium With Profits*	4.83	5.55	9.40
	Pension With Profits*	1.66	-0.47	6.90
	At retirement (Multi-Asset unit)	2.58	1.28	7.60
	Multi Asset Mgd (20-60% Shares) Pn	3.10	0.50	5.10
	Asia Pacific Ex Japan Equity Pension	4.19	-3.63	0.60
	Far East Equity Pension Fund	5.45	0.40	9.80
	Ftse Tracker Pension Fund	4.95	6.62	7.30
	Global Equity 50:50 Tracker Pension	8.13	8.83	15.70

Source: Utmost Life, Standard Life. Figures are net of fees. Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and members may get back less than they invest.

Utmost Life fund returns as at 31 March 2024 (except Managed and Global Equity which are to 31 December 2023 - calculations by XPS from Utmost data). Figures at 31 December 2023 have been requested from Utmost Life and will be included in subsequent Chair Statements when available.

Standard Life as at 31 March 2024 (except Multi Assest Mgd (20-60% Shares) Pn which is to 31 December 2023) - calculations by XPS from Standard Life data. Figures at 31 December 2023 have been requested from Standard Life and will be included in subsequent Chair Statements when available.

**Returns based on underlying asset mix by Standard Life*

04 Charges and transaction costs

APF MPP and SEMA PMF members may self-select their investment strategy, investing in any available funds in whatever proportions they choose, or in the Default Funds. The ranges differ between the two categories.

04.01 Member Charges

We consider here the only charges and costs met by members:

> The Total Expense Ratio (TER) is a measure of the total costs associated with the management and operation of a fund. These costs consist primarily of annual management fees and additional expenses such as legal fees, auditor fees and operational expenses.

> Transaction costs are costs associated with the buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs may be incurred when monies are invested, on switching between funds and when selling investments to take benefits. The following table indicates transaction costs incurred by each of the funds available for investment over assessment periods monitored by the investment manager.

The relevant parts of this section will be published on the 2019 Scheme's website and notified to members in their Annual Benefit Statement. All figures are as at 31 December 2023 unless otherwise specified.

The Trustee has had regard to the statutory guidance in preparing this section of the statement. No information is missing.

Charges and transaction costs
continued

DC benefits in the APF MPP and SEMA PMF

Funds in bold are part of the Default Funds:

TABLE 3	Share Class	Fund offered by:			
Fund Name		APF MPP	SEMA PMF	TER (% p.a.)	Transact-ion costs %
AEGON BlackRock 30/70 Currency Hedged Global Equity Index	J	-	✓	0.18	0.0419
AEGON BlackRock 50/50 Global Growth	J	-	✓	0.35	0.2255
AEGON BlackRock 60/40 Global Growth	J	✓	-	0.35	0.2278
AEGON BlackRock 70/30 Global Growth (2)	J	✓	✓	0.35	0.2290
AEGON BlackRock Cash (2)	J	✓	✓	0.18	0.0151
AEGON BlackRock Index-Linked Gilt (2)	J	-	✓	0.10	0.0503
AEGON BlackRock Pre-Retirement (1), (2)	J	✓	✓	0.15	0.0819
AEGON BlackRock UK Equity Index Tracker	H	✓	-	0.14	0.0423
AEGON BlackRock UK Equity Index Tracker	J	-	✓	0.16	0.0423
AEGON BlackRock UK Growth	H	✓	-	0.45	0.2243
AEGON BlackRock UK Growth	J	-	✓	0.35	0.2243
AEGON BlackRock World (ex-UK) Equity Index	J	✓	✓	0.16	0.0099
AEGON BlackRock 60/40 Global Equity Index Tracker (1)	H	✓	-	0.16	0.0509
AEGON BlackRock 60/40 Global Equity Index Tracker	J	-	✓	0.16	0.0509

(Source: AEGON & BlackRock) *(1) Part of the APF MPP, Fund Select default option / (2) Part of the SEMA PMF, Lifestyle Strategy (5 year 'Growth' and 10 year 'Stability') options*

Charges and transaction costs
continued

The SEMA MPP

SEMA MPP members receive a return on their accumulated DC funds by reference to a notional unit price based on the "BlackRock Balanced Growth Portfolio Fund" which is updated on a monthly basis. Fund charges are included in the unit price and as at March 2024 (the closest date of available information) the annual fund charge was 1.57%. The Trustees requested data at 31 December 2023 and was not available. The Trustees continue to request this and will disclose this if available in future statements.

The AVC Fund range

We include here details of the AVC categories, and the costs met by members.

Fund offered by					
Fund Name	APF	SEMA	CS	TER (% p.a.)	Transaction costs %
JPM Multi-Asset Cautious (QRAV)	-	✓	✓	0.75	0.2609
JPM Multi-Asset Moderate (QRAV)	-	✓	✓	0.75	0.2195
JPM Multi-Asset Growth (QRAV)	-	✓	✓	0.75	0.1778
Money Market (EU41)	-	✓	✓	0.5	0.0130
SL Managed Pension	-	✓	✓	1.02	0.0200
SL Stock Exchange Pension	-	✓	✓	1.03	0.0200
Millennium With Profits	-	✓	✓	See below	See below
Pension With Profits	✓	✓	✓	See below	See below
Utmost Managed	-	✓	✓	0.75	0.1128
Utmost Global Equity	-	✓	✓	0.75	0.0755
Clerical Medical with profits investment	Information requested*				
SL At Retirement (Multi Asset Unit)	-	✓	✓	1.00	*
SL Multi Asset Mgd (20-60% Shares) Pn	-	✓	✓	0.63	*
SL Asia Pacific Ex Japan Equity Pension	-	✓	✓	1.12	*
SL Far East Equity Pension Fund	-	✓	✓	1.08	*
SL Ftse Tracker Pension Fund	-	✓	✓	1.00	*
SL Global Equity 50:50 Tracker Pension	-	✓	✓	1.00	*

*Data not provided. Trustees will continue to seek this data from the provider and will report in future Statements when available.

Standard Life

With-Profits Investment

For the With-Profits Fund, Standard Life make deductions at a rate of 1% per annum for the Annual Management Charge, plus an additional deduction for the cost of providing the guarantees under the With Profits contracts.

TABLE 5

Fund Name	Total Expense Ratio	Transaction costs*
Pension With Profits Fund	1.75%	Not available
Millennium With Profits Fund	1.15%	Not available

(Source: Standard Life)

*XPS requested Transaction costs from Standard Life on behalf of the Trustee, but these were not provided. XPS will continue to request these on the Trustee behalf and provide these when supplied.

The Main Scheme AVC option

AVCs are invested in the Main Fund of the SEMA Final Salary Section within the 2019 Scheme. Members receive a return on their DC benefits based upon the returns achieved by the Main Fund investments. The fund holdings and values are determined by the Scheme Administrator, on advice from the Scheme Actuary who calculates a notional unit price based on the assets of the Main Fund each month. The calculation of these returns is complex, and, implicitly within these are included any costs met within the funds in which the Main Fund invests. Determining the costs met by members in this category is therefore complex and the Trustee continues to consider how this should be meaningfully determined and represented in future Statements. Given the enhanced options available via the Aegon Mastertrust, Atos has proposed that the Main Scheme AVC members be included in the bulk transfer process. The Trustee has requested initial investment and legal advice on this group for consideration.

04.02 An illustration of the charges levied on members

APF MPP

Below you can find an illustration of the effect of the costs met by members on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ over time as will individual members' pension pots sizes. This illustration is based on:

> The 'Fund Select' option – which was the historic default investment option of the APF MPP (and hence where many members' pension pots were held) with assets transitioning from the growth to consolidation phase over a 5-year period;

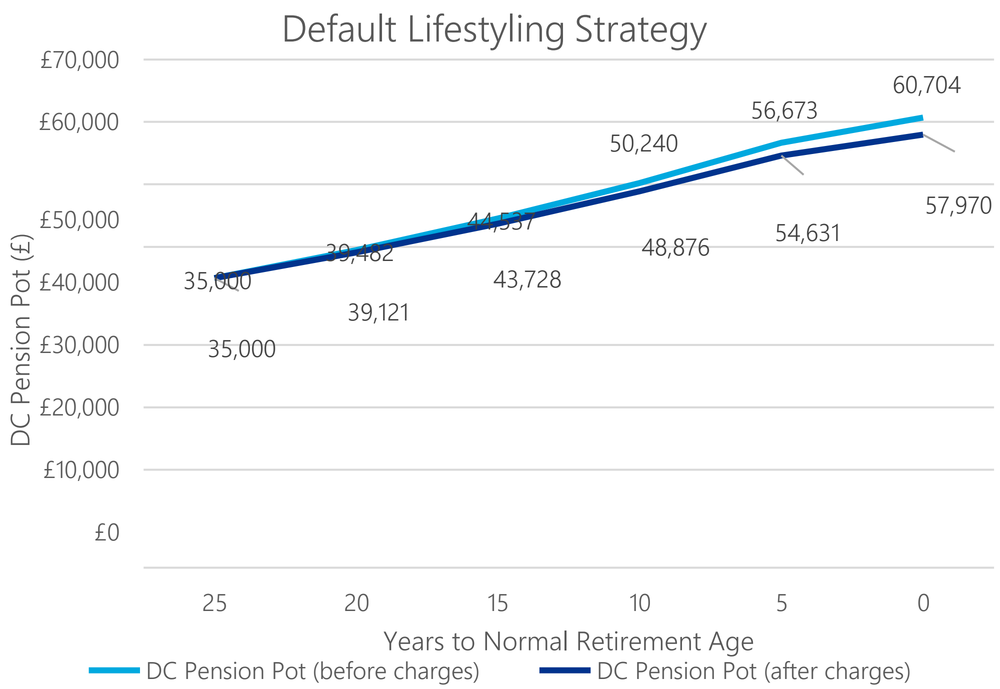
> An initial pension pot of £35,000;

> No further contributions being made throughout the period;

Charges and transaction costs
continued

> Investment Returns are estimated as 5.00% p.a. for the BlackRock 60/40 Global Equity Index Tracker (in which all monies are invested until 5 years from Normal Retirement Date - 'NRD') and this is gradually moved into the BlackRock DC Pre-Retirement Fund which has an estimated return of 3.00% p.a.;

> Inflation of 2.5% p.a.



Illustrations for all of the Funds available to members in the APF MPP and AVC Plan categories are shown in the appendices of this Statement in table format.

SEMA PMF

Below you can find an illustration of the effect of the costs met by members on an example pension pot over time. This is for illustration only. The actual returns received are likely to differ over time as will individual members' pension pot sizes. This illustration is based on:

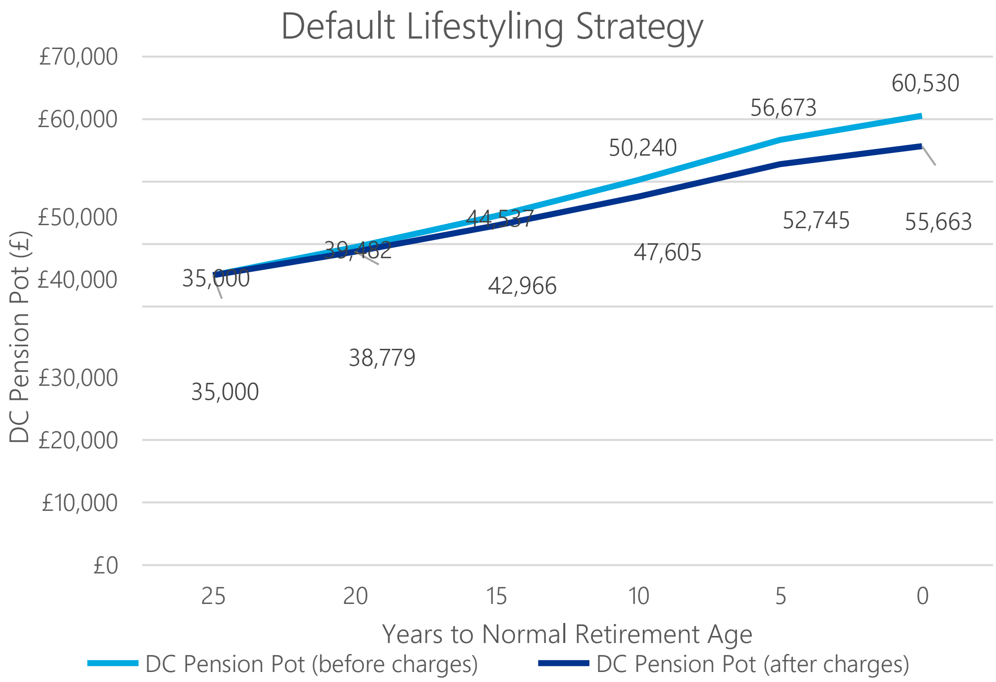
> The 'Growth Lifestyle' – which was the historic default investment option of the SEMA PMF (and hence where many members' pension pots were held) with assets transitioning from the growth to consolidation phase over a 5-year period;

> An initial pension pot of £35,000;

> No further contributions being made throughout the period;

> Investment Returns (after inflation) are estimated as 5.00% p.a. for the BlackRock DC 70/30 Global Growth Fund (in which all monies are invested until 5 years from Normal Retirement Date - 'NRD') and this is moved by 20% each year until NRD into the BlackRock DC Pre-Retirement Fund (estimated return of 3.00% p.a. after inflation), Blackrock DC Index Linked Gilts (estimated return of 5.00% p.a. after inflation) and Blackrock DC Cash Fund (estimated return of 1.00% p.a. after inflation);

> Inflation of 2.5% p.a.



Illustrations for the highest and lowest charging funds available to members in the SEMA PMF/APF MPP are shown in the appendices of this Statement in table format.

04.03 What are the assumptions based on?

In preparing these illustrations, the Trustee has had regard to statutory guidance in preparing this section of the statement, including:

> The Department for Work and Pensions' 'Reporting of costs, charges, and other information: guidance for trustees and managers of occupational schemes' – effective from 21 October 2022;

> Actuarial Standards Technical Memorandum 1 (AS TM1) issued by the Financial Reporting Council;

> The Financial Conduct Authority (FCA) Transaction cost disclosure in workplace pensions Policy Statement PS17/20; and

> The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018)

04.04 Asset allocation disclosure requirements

The new 2023 regulations require trustees of relevant occupational pension schemes with a scheme year end of 1 October 2023 onwards to disclose and explain the percentage of assets allocated in the default arrangement(s) to specified asset classes.

The regulator believes that publication of asset allocation data will be an important step towards transparency, standardisation and comparability across the pensions market and that it is important that members have access to all relevant information surrounding the investments being made using their savings and the outcomes these investments could have on their future retirement. The Trustee has taken regard to statutory guidance in preparing this section of the statement.

04.05 Asset allocation

XPS has received a report on how the Scheme's default investment strategies are invested in light of these new regulations assuming retirement age of 60 for SEMA and 65 for APF, and have provided a breakdown of the default strategy's asset allocation as at 31 December 2023.

SEMA PMF (Growth Lifestyle*)	Percentage allocation: Age 25	Percentage allocation: Age 45	Percentage allocation: Age 55	Percentage allocation: Day before SPA
Cash	0.00%	0.00%	0.00%	30.00%
Bonds	0.00%	0.00%	0.00%	69.60%
Corporate bonds	0.00%	0.00%	0.00%	*10.50%*
Govt bonds	0.00%	0.00%	0.00%	*59.10%*
Other bonds	0.00%	0.00%	0.00%	0.00%
Listed equities	***100.00%***	***100.00%***	***100.00%***	0.00%
Private equity	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Private debt	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.40%

APF MPP	Percentage allocation: Age 25	Percentage allocation: Age 45	Percentage allocation: Age 55	Percentage allocation: Day before SPA
Cash	0.00%	0.00%	0.00%	0.00%
Bonds	0.00%	0.00%	0.00%	**99.00%**
Corporate bonds	0.00%	0.00%	0.00%	30.00%
Govt bonds	0.00%	0.00%	0.00%	69.00%
Other bonds	0.00%	0.00%	0.00%	0.00%
Listed equities	***100.00%***	***100.00%***	***100.00%***	0.00%
Private equity	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Infrastructure	0.00%	0.00%	0.00%	0.00%
Private debt	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	**1.00%**

*Sema Stability has been requested from Aegon and will be included in future reports as received.

Core financial transactions

04.01 Assessing Core Transactions

I welcome this opportunity to explain what the Trustee does to help ensure the 2019 Scheme is run as effectively as it can be. The Trustee is committed to having high governance standards. To assist in providing the necessary level of focus on DC benefits the Trustee operates a sub-committee structure which meets regularly to monitor the controls and processes in place in connection with the 2019 Scheme's administration.

The Trustee regularly reviews the organisations that provide services to the Scheme to ensure they remain suitable and provide a good service and value for money. After due consideration and in consultation with Atos, the Trustee decided to appoint a new Scheme Administrator, Hymans Robertson LLP ('Hymans') from 31 January 2022. The Trustee has subsequently sought to comply with the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 by:

> having an agreement in place with Hymans covering, amongst other matters, the accuracy and timeliness of all core financial transactions. The Service Level Agreement (SLA), which sets the maximum timescales for the administrator to complete certain tasks, broadly covers:

- data, including its maintenance;
- calculations and statements, which includes timescales for calculations to be made and provided to members and timescales for payments (and Hymans has clear calculation processes in place whereby work is reviewed and checked at several stages of production to ensure accuracy);
- processing of all DC benefits including AVCs (and Hymans has clear processes in place for these calculations including at retirement, transfers, and investment switching, that are reviewed as part of regular Audit and Assurance Faculty ('AAF') audits); and
- accounts and Treasury services, which includes the accounting of financial transactions and timescales for these transactions to be made.

The core financial transactions include:

> the transfer of assets relating to members transferring into and out of the 2019 Scheme;

> the transfer of assets relating to members moving between different investments; and

> payments from the 2019 Scheme to, or in respect of, members/beneficiaries.

All payments out of the 2019 Scheme in respect of members' benefits are made in line with standard checks. This includes agreed processes and authorisation levels to ensure any payment made is calculated correctly and in line with the 2019 Scheme rules and legislation and also complies with HMRC rules and guidance. In addition, every effort is made to check for possible pension scams.

Core financial transactions
continued

The process adopted by Hymans includes workflow checklists for all financial transactions, daily monitoring of bank accounts and checking of all investment and banking transactions by at least two people. Each step is signed off by appropriate members of the team and an audit trail is retained as evidence of the authorisation of financial transactions.

As referenced above, from 1 February 2022 Hymans began to carry out the day-to-day administration of Scheme benefits. Whilst both Hymans and the previous administrator XPS Administration worked hard to achieve a smooth transition, we are aware that there was some disruption to the services provided to members during the period - which in some areas remains ongoing.

To enable additional administration resource to be allocated to the Scheme, the Trustee and Hymans agreed to move the administration services from Hymans's Birmingham office to its team based in central London, this was completed in 2023. The Trustee will continue to work closely with Hymans to ensure that service levels will be maintained at the level that members, Atos, the Trustee and Hymans expect.

At present, access to online member services is only available to DB-only members. The nature of the preparatory work that Hymans needs to complete for the online services is different for those members who have accumulated DC pension.

This means that the implementation of online services for DB-only members was made available before it also becomes available to those members who have DC benefits. Based on our latest discussions with Hymans, the Trustee expects that online services will be made available for members with DC benefits in 2024.

Although the roll out of the online services has been delayed, Scheme members with DC benefits can still request a current valuation of their funds by contacting Hymans. Similarly, any DC members considering changes to their investment selections can request a switch form from Hymans.

The Trustee has received a report on internal controls prepared by Hymans (in its capacity as the 2019 Scheme's Administrator, during the reporting period) for the year to 31 January 2023. Whilst the Trustee is satisfied that the vast majority of the 2019 Scheme's core financial transactions were processed promptly and accurately during the reporting period, the transition of services from XPS to Hymans has not gone as smoothly as the Trustee expected and at times the level of service provided to members has fallen below the level that the Trustee, Atos and Hymans expects. The Trustee will regularly review the administration reporting provided and will continue to report on Hymans' performance in next year's Chair's Statement. In the meantime, the Trustee is working closely with Hymans to resolve any outstanding issues with the administration service.

05 Value for Members

05.01 Assessment of Value

The Trustee is required to consider the extent to which the services for which the members pay, provide good value for members.

The Trustee has therefore worked with its advisers to carry out a value for members assessment in June 2024 to determine whether the charges and transaction costs paid by members in return for particular services during the relevant period represented good value for money, considering the quality of the services provided and net returns for members on their investments. For context, the Trustee has also considered the services provided to members by the 2019 Scheme more broadly, even if not paid for by the members directly.

The Trustee has concluded that overall, the charges and transaction costs set out in this Statement represent good value for members, as was the case in the previous scheme year

However, there continue to be challenges faced related to the administration and member engagement of the Scheme. Although members do not meet the costs of these services, they will have an effect on member services overall and are therefore noted in the summary below.

Costs, charges and net returns

> The costs and charges levied (as set out in the Statement) are broadly in-line with arrangements and funds of this type. Transaction costs are broadly in-line with previous years, and expectations for funds of this type.

> Net investment returns are broadly in-line with benchmarks and expectations for funds of this type.

> The Trustee continues to recognise that for the AVC investment options, these are generally in older style AVC type investments, including With-Profits and historic unitised funds. Therefore, in some cases, although of a reasonable value to members, the charges or options within these older style investments may not be as beneficial to members as newer DC options. As with the previous year, charges on these funds have been broadly in-line with expectations of funds of these types, as have net investment returns and/or bonuses delivered. When the Trustee's planned review of these investments is complete, it will report its findings in a future Chair Statement

> Atos IT Services UK Limited (the 2019 Scheme's Principal Employer) pays the expenses of running the 2019 Scheme over and above the charges noted as met by members in the Statement, which is of benefit to the members.

Value for Members
continued

Wider benefits

> Most benefit categories give members various options and asset types in which to invest (noting that within the AVC categories this is sometimes limited in some sections, and the same within the SEMA MPP);

> The broad range of benefit options available to members of the APF MPP and SEMA PMF, including cash options and annuities, are typical of an arrangement of this type.

Administration and member engagement

> Administration performance has not been in-line with the Trustee's expectations, and some members have faced delays. The Trustee is aware of this and is actively engaging with the Administrator to rectify these matters.

> Due to the administration challenges, engagement with some members has been delayed versus the Trustee's target timelines. Again, the Trustee is aware of this, and is pro-actively working with the Administrator to rectify this as soon as possible.

Governance

> IGG, as independent professional trustee provider to the Scheme, has ensured that the necessary governance of the Scheme has been delivered over the year.

As mentioned earlier in this Statement, as part of discussions on the changes to the arrangements for DC benefits, Atos and the Trustee agreed to investigate the discharge of the accumulated funds previously built up in the SEMA Personal Money Fund and Sema Group Money Purchase Plan through a bulk transfer from the 2019 Scheme to the Atos DC Pension Scheme, which is part of the Aegon Master Trust (the 'Master Trust'). The Trustee, having taken external legal and investment advice and having compared the benefits and features of the Master Trust against the 2019 Scheme have agreed to the Company request to transfer legacy DC pots to the Master Trust, and this transfer is expected to complete during 2024. Any members with cash protection in Sema PMF or Sema MPP will however remain in the Scheme post this bulk transfer. Therefore, action has been in the past year (and will also be undertaken in this year) to improve overall member value for their DC and AVC benefits.

Assessment of value for members is an ongoing process and the Trustee has taken professional advice in reaching these conclusions and will continue to undertake a review each year to ensure the 2019 Scheme continues to offer value, and that any changes in legislation, market conditions or member views will be reflected.

06 Trustee knowledge and understanding

06.01 Knowledge and understanding of the Trustee

The Trustee Directors' relevant knowledge and understanding has been considered by the Trustee and I have concluded that they have complied with the knowledge and understanding requirements in section 248 of the Pensions Act 2004.

The Trustee benefits from the knowledge provided by its professional Trustee Director, IGG. IGG operates an extensive training programme for all staff including directors, which includes a mandatory induction and on-going computer-based programme of training on, for example, information security, data protection, financial crime, bribery & corruption and treating customers fairly. Refresher training is done on an annual basis, and all are required to pass a test to check knowledge and understanding. This is complemented by a structured programme that is centrally organised by the Operations Director with a view to identifying any knowledge gaps relating to specific and topical issues in which the training is provided both by internal and external speakers. Finally, the Trustee Directors are all Accredited Members of the Association of Professional Pension Trustees and as such complete the Association's Continuing Professional Development requirements.

The Trustee has access to a 2019 Scheme library of key governance documents (hosted on the Trustee's online platform). The documents that can be accessed by the Trustee Directors include the Rules of all schemes (current and legacy) that fall within the Trusteeship of Atos Pension Schemes Limited and amending deeds for those arrangements, annual Trustee Reports and Accounts (including previous Chair's Statements in relation to defined contribution governance), key investment and funding documents (e.g. Statement of Investment Principles, and Payment Schedules), member communications, and copies of Trustee policy documents. The Trustee Directors refer to these documents on a regular basis to inform discussions at trustee board meetings, aid their decision-making and ensure efficient and effective scheme management. They are, therefore, fully conversant with, and have a working knowledge of, these documents. Advice is also obtained by the Trustee Directors from the Trustee's professional advisers as and when required on the content of these documents.

In addition to the above, the Trustee takes its own steps to ensure that those exercising Trustee functions at scheme level (in particular the Trustee Directors) can also demonstrate that they satisfy the knowledge and understanding requirements under section 248 of the Pensions Act 2004. The Trustee has a working knowledge of the trust deed and rules, a working knowledge of the current SIP, a working knowledge of all documents setting out the trustees' current policies, sufficient knowledge and understanding of the law relating to pensions and trusts, sufficient knowledge and understanding of the relevant principles relating to the funding and investment of occupational schemes and a combined knowledge and understanding that enables the Trustee to properly exercise its Trustee governance functions. The Trustee Directors have also all completed the Pension Regulator's Trustee Toolkit and specific training is given by the Trustee's professional advisers as and when required by the Trustee in response to ongoing projects or material changes in the legal, regulatory, or actuarial landscape.

During the course of the year the Trustee has not received specific additional external training on DC related topics. However, the Trustee has continued to receive regular updates on DC matters from its advisers and through its own resources as a professional Trustee to ensure that it maintains sufficient knowledge and understanding of the law relating to pensions and trusts. The Trustee therefore considers that the level of training that is provided by the Trustee itself is appropriate to the 2019 Scheme, having regard to the separate training provided by IGG to the Trustee Directors and the other IGG representatives involved in the management of the 2019 Scheme, the ongoing advice provided by the Trustee's professional advisers and the knowledge and experience that has been acquired by the Trustee directors over many years.

Trustee knowledge and understanding
continued

The Trustee also evaluates the performance and effectiveness of the Trustee Directors and its advisors against the objectives of the 2019 Scheme's business plan on an annual basis, via IGGs internal review and self-evaluation processes.

The Trustee additionally published a TCFD (Task Force on Climate-related Financial Disclosures) report in 2023 and has undertaken extensive training and consideration of this in the year. This has included improving knowledge and understanding in relation to the identification, assessment and management of risks and opportunities relating to the scheme, including risks and opportunities arising from steps taken because of climate change (whether by governments or otherwise).

As a result of previous training activities completed by the Trustee Directors individually and collectively as a board and the other IGG representatives involved in the management of the 2019 Scheme, and taking into account the professional advice available to the Trustee, the Trustee is confident that its Directors have met the legislative requirements for knowledge and understanding and that the combined knowledge and understanding of the board enables the Trustee to achieve its strategic objectives against the 2019 Scheme's annual business plan and to properly exercise its functions as Trustee.

07 Conclusion

"Overall, the conclusion is that the 2019 Scheme is continuing to deliver value for money to the members"

The annual production of the Statement provides members with a narrative of how the Trustee looks after members' interests.

The Board will continue to monitor this and report to members both via the Statement and other communications as appropriate. In conclusion, with the continual monitoring and the reviews detailed here, I am pleased to be able to submit this report in accordance with the relevant legal requirements, in the belief that the 2019 Scheme was operated and governed appropriately during the reporting period, and overall provided good value to members.

Signature	**Date**
	31/07/2024
Name	**Qualification**
Chris Martin	Director, Independent Governance Group Limited

Appendix A
Projections

Here we include illustrations of the effect of costs and charges on projected member pension pots. The tables show the development of the projected pension pot over time before and after charges (TER plus transaction costs) for members assuming the pension pot is invested fully in the fund shown.

The illustrations shown below are for a representative selection of the funds members may invest in. They were selected to reflect the range of projected returns and charges for the available funds.

SEMA PMF: Default Fund

AEGON BLACKROCK PRE-RETIRMENT:	AEGON BLACKROCK CASH:	AEGON BLACKROCK 70/30 GLOBAL GROWTH:	AEGON BLACKROCK INDEX-LINKED GILT:
Investment return = 3.00%	Investment return = 1.00%	Investment return = 5.00%	Investment return = 5.00%
Charges = 0.15%	Charges = 0.18%	Charges = 0.35%	Charges = 0.10%

		Default Fund		
Age	**Years to Normal Retirement Age**	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***
35	25	35,000	35,000	-
40	20	39,482	38,779	703
45	15	44,537	42,966	1,571
50	10	50,240	47,605	2,635
55	5	56,673	52,745	3,928
60	0	60,530	55,663	4,867

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.

Projections continued

SEMA PMF: lowest charge and highest charge funds

Aegon BlackRock Index-Linked Gilt: Investment return = 5.00% Charges = 0.10%	SL Stock Exchange Pension Investment return = 5.00% Charges = 1.03%

		Lowest Charge Fund			Highest Charge Fund		
		Aegon BlackRock Index-Linked Gilt			SL Stock Exchange Pension		
Age	**Years to Normal Retirement Age**	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***
35	25	35,000	35,000	-	35,000	35,000	-
40	20	39,482	39,262	220	39,482	37,569	1,912
45	15	44,537	44,043	494	44,537	40,328	4,210
50	10	50,240	49,406	834	50,240	43,288	6,952
55	5	56,673	55,422	1,251	56,673	46,466	10,207
60	0	63,930	62,170	1,760	63,930	49,877	14,053

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.

Projections continued

APF MPP: Default Fund

AEGON BLACKROCK 60/40 GLOBAL EQUITY IDX TRACKER:	AEGON BLACKROCK PRE-RETIRMENT:
Investment return = 5.00% Charges = 0.16%	Investment return = 3.00% Charges = 0.15%

		Default Fund		
Age	**Years to Normal Retirement Age**	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***
40	25	35,000	35,000	-
45	20	39,482	39,121	360
50	15	44,537	43,728	810
55	10	50,240	48,876	1,364
60	5	56,673	54,631	2,042
65	0	60,704	57,970	2,733

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.

Projections continued

APF MPP: lowest charge and highest charge funds

Aegon BlackRock UK Equity Index Tracker:	**Aegon BlackRock UK Growth**
Investment return = 5.00%	Investment return = 5.00%
Charges = 0.14%	Charges = 0.45%

		Lowest Charge Fund			**Highest Charge Fund**		
		Aegon BlackRock UK Equity Index Tracker			**AEGON BLACKROCK UK GROWTH J**		
Age	**Years to Normal Retirement Age**	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***	***DC Pension Pot (before charges)***	***DC Pension Pot (after charges)***	***Effect of charges***
40	25	35,000	35,000	-	35,000	35,000	-
45	20	39,482	39,107	374	39,482	38,558	923
50	15	44,537	43,697	840	44,537	42,478	2,059
55	10	50,240	48,825	1,415	50,240	46,796	3,444
60	5	56,673	54,554	2,119	56,673	51,554	5,119
65	0	63,930	60,957	2,973	63,930	56,795	7,135

Inflation at 2.5%.

Charges are as noted above, plus transaction costs.

The Atos UK 2019 Pension Scheme
Implementation Statement – 1 January 2023 to 31 December 2023

Introduction

This Implementation Statement ("the Statement") has been prepared by Atos Pension Schemes Limited ("the Trustee") in relation to the Atos UK 2019 Pension Scheme ("the Scheme"). The Statement is required by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended) and states how the policies covered in the Statement of Investment Principles (the 'SIP') have been followed.

Based on regulatory requirements, the Statement will cover the period from 1st January 2023 to the end of the Scheme's financial year on 31st December 2023. There were separate sections within the SIP for both the DB and DC elements of the Scheme. The Statement is therefore split accordingly, to reflect the differing content and relevance to different members. The Scheme's Additional Voluntary Contribution ("AVC") arrangements are also covered within the SIP and hence this statement.

The Statement is split into three sections:

1. an overview of SIP updates and stewardship-related policies;
2. a summary of Trustee actions and alignment with SIP policies;
3. examples of manager engagement over the year (appendix);
4. Summary of voting over the year.

From 1 October 2022, further Department of Work and Pensions ('DWP') guidance on the reporting of stewardship activities through Implementation Statements came into effect. This statement aims to consider this guidance and outlines the actions the Trustee has taken in 2023 to meet the DWP's updated stewardship expectations, although the Trustee recognises this is an evolving area, where best practice develops over time.

1. Overview of SIP updates and stewardship-related policies

Summary of Statement of Investment Principles Updates Over the Period

The SIP was last updated in October 2023 and updated to incorporate the Trustee's new Stewardship Policy, which was set in cognisance of the Department for Work and Pension's ("DWP") updated SIP and Stewardship Policy guidance (released October 2022). Further minor updates were made to the SIP, including removing reference to a secondary risk constraint which is no longer utilised and updating wording referencing how the DC section is managed, to ensure wording remains accurate.

For the purposes of assessing how the policies in the Scheme's SIP have been followed, this Statement addresses both the July 2021 and October 2023 versions of the SIP, as it was updated part way through the reporting period.

The Scheme's SIP can be found here.

Overview of the Trustee's Stewardship Policy (i.e. voting and engagement policies)

Over 2023, the Scheme updated its Stewardship Policy which sits within the SIP to align with the DWP's updated guidance on stewardship and engagement, which came into effect in October 2022. This Policy articulates how the Trustee practises effective stewardship through the oversight and challenge of investment managers, rather than the Trustee themselves operating directly as stewards of the underlying assets in which the Scheme invests.

The updated Stewardship Policy has raised the expectation for managers' stewardship activities, including outlining the significance of stewardship in the selection and monitoring of investment managers, expectations for investment managers' engagement activities, and expectations for investment managers' voting activities where relevant.

As per the DWP's suggestions, the Trustee has selected a key stewardship theme, which will be used to channel its stewardship efforts. The Trustee recognises there is a spectrum of sustainability-related challenges that are potentially financially material but believes it will be most effective in its oversight of investment managers by focussing its efforts initially. The chosen stewardship theme is "Climate Change". However, the Trustee recognises that a successful climate transition is also dependent on the restoration of biodiversity and nature loss, as well as a just transition (i.e. seeking to ensure that the benefits of a transition to a green economy are shared across society, and supporting those who stand to be adversely affected by such a transition).

The Trustee uses data, such as size of holdings and exposure to particular risks, to direct its engagement efforts into particular areas which are viewed to be most material for the Scheme and its members. For example, analysis by a specialist ESG analytics firm was first focused on the Scheme's two largest liquid credit funds, before being repeated across its two smaller liquid credit funds. The analysis supported the identification of key ESG risks across each of the funds, which supports the prioritisation of engagement efforts based on materiality.

The Trustee's Stewardship Policy can be found within its Statement of Investment Principles, which is publicly available.

Significance of stewardship in appointment and monitoring of investment managers

When selecting and monitoring the Scheme's investment managers, the Trustee considers managers' ESG and Stewardship capabilities. This information is provided by the Scheme's investment consultant.

The Trustee monitors and engages with the Scheme's investment managers (via the Scheme's investment consultant) on an ongoing basis.

Engagement

The Trustee delegates responsibility for engaging with individual issuers to the Scheme's investment managers, which the Trustee views as a minimum expectation. The Trustee expects investment managers to engage with issuers to preserve or increase the long-term value of their investments, while minimizing negative externalities on the environment and society, except for within LDI where the issuer is the UK government. Where engagement has made little progress, the Trustee expects its investment managers to escalate engagement accordingly.

The Trustee requests that its investment managers provide engagement case studies to support its monitoring and oversight. With that in mind, examples of engagement activities across the Scheme's managers are included in Appendix A.

These engagement examples in Appendix A have been selected for their relevance to the Scheme's chosen theme of climate change, also with a focus on biodiversity and a just transition.

Voting

The Trustee delegates responsibility for the exercise of rights (including voting rights) attaching to investments to the Scheme's investment managers. Investment managers are expected to have their own voting policies and the exercise of voting rights on the Scheme's behalf should form part of a wider engagement dialogue.

The Trustee is not aware of any material departures from the managers' stated voting policies. Given the nature of these mandates and the fact that voting activities appear to be undertaken in line with the managers' voting policies, the Trustee is comfortable that the voting policies for the Scheme have been adequately followed over the period.

Whereas voting responsibilities are outsourced to the Scheme's investment managers, the Trustee recognises that it has a fiduciary and regulatory responsibility to retain agency in the process. Investment manager oversight is the key mechanism for this, and the Trustee therefore holds its investment managers accountable not only for voting activity as a whole, but also how they have voted in significant votes. It is the Trustee's responsibility to define the significance of votes placed on their behalf, and to be transparent with stakeholders and beneficiaries regarding outcomes.

The Scheme's Stewardship Policy offers a definition of what the Trustee deems to be a significant vote. A significant vote is described as a vote which meets one of more of the following criteria:

- Votes relating to the key stewardship theme (climate change);
- Votes relating to issues interconnected with the key stewardship theme, defined as biodiversity and nature-loss resolutions or votes related to a just transition;
- Votes relating to an issuer to which the Scheme has a large £ exposure;
- Votes which may be inconsistent between investment managers); and
- Votes identified due to potential controversy, which may be driven by the size and public significance of a company, the nature of the resolution, and the weight of shareholder vote against management recommendation.

Voting statistics and a selection of most significant votes cast on behalf of the Scheme over the period are shown in Appendix B, for each of the Scheme's relevant managers. These are LGIM for the DB Section, and BlackRock for the DC Section.

2. Summary of Trustee actions and alignment with SIP policies

Overview of Trustee's Actions - DB

Investment Objectives and Strategy

During the reporting period, there were no changes to the Scheme's investment objectives.

The Trustee has made informed strategic investment decisions in accordance with its rights and responsibilities to enable the achievement of the Trustee's long-term investment objectives as set out in the SIP. When assembling and reviewing information to guide decision-making, the Trustee considers the extent to which these actions are expected to make a difference in achieving these long-term investment objectives and how these are aligned with the SIP.

The Scheme's investment strategy was not materially amended over the year, however there were some notable developments.

- In October 2022, a £100m partial redemption from the LGIM LPI Income Property Fund was submitted, given the fund's overweight allocation following unprecedented volatility in gilts markets. Proceeds were received in two tranches in Q2 2023 and used to top up collateral in the LDI portfolio and capital held to meet capital calls from illiquid, as decided by the Trustee. Following this, the Scheme placed a full redemption from the LGIM LPI Income Property Fund in December 2023 with the aim of increasing the Scheme's liquidity given upcoming liquidity needs, with proceeds expected to be paid out by the end of Q3 2024. This will be reported on in the next implementation statement.
- The Scheme transitioned from the Hermes segregated absolute return bonds mandate to a similar pooled fund with the same manager, with the transition completed in March 2023. The Trustee made this change on the basis that the sustainability characteristics of the pooled version of the fund were sufficiently improved to justify moving across to access the cheaper investment management fee for this fund.

Overall, the Scheme's agreed strategic asset allocation reflects the Trustee's view of the most appropriate investments, balancing risk/reward characteristics of the funds the Scheme is invested in, to support the Scheme's full funding objective.

Trustee's policies for investment managers

The Trustee relies on investment managers for the day-to-day management of the Scheme's assets, but retains control over the Scheme's investment strategy.

The Investment Managers are responsible for the day-to-day management of the Scheme's assets in accordance with guidelines agreed with the Trustee, as set out in the Investment Management Agreements ("IMAs") or pooled fund prospectuses. The Investment Managers have discretion to buy, sell or retain individual securities in accordance with these guidelines. The Investment Managers report to the Investment & Funding Committee ("IFC") regularly regarding their performance, which in turn reports back to the Trustee. Each of the Investment Managers' fees are related to the amount of assets managed within their portfolios. Minimum fees may also apply in some cases.

Each of the Scheme's managers have also received a copy of the SIP, which includes the Sustainable Investment Beliefs Statement and the Stewardship Policy, and have been asked to adhere to this where possible.

Overview of Trustee's Actions - DC

Investment Arrangements

The Trustee continues to monitor all managers on a regular basis, considering both the performance of the funds and other prevailing circumstances.

Final remarks

As demonstrated in the following sections of this Statement, the actions the Trustee has undertaken during the relevant reporting period reflect the policies within the Scheme's SIP. Any changes to the investment strategy agreed during the period but implemented after the period had ended will be reported against in the next implementation statement.

The responsibility for managing the Scheme's holdings is delegated to its Investment Managers. The Trustee believes that the Scheme's Investment Managers are well placed to engage with invested companies on environmental, social and governance ("ESG") matters, given their knowledge of the company and the level of access they have to company management. This is also a pragmatic approach because of the number of stocks owned by the Scheme, and the amount of time corporate entities have available for single investors. However, the Scheme sets out its expectations to its asset managers in terms of Corporate Governance via the 'Sustainable Investment Beliefs Statement' and 'Stewardship Policy' sections within the SIP.

The Trustee believes that it should act as a responsible steward of the assets in which the Scheme invests as this can improve the longer-term returns of its investments. The Trustee notes that sustainable financial outcomes are better leveraged when supported by good governing practices, such as board accountability.

It is the Trustee's belief that the policies set out in the SIP regarding the exercise of rights attaching to investments and the undertaking of engagement activities in respect of the investments has been followed over 2023.

Review of DB SIP Policies

Policy	Has the policy been followed?	Evidence
Investment Objectives		
The Trustee has worked collaboratively with the Principal Employer to adopt a Pension Risk Management Framework ("PRMF") to guide the strategic asset allocation ("SAA") and risk management strategy of the Scheme. The PRMF sets out the key investment objectives of the Scheme, the metrics used to measure these objectives and the constraints within which the objectives will be targeted.	Yes, the Trustee is satisfied that this policy has been followed.	The PRMF is reviewed on a quarterly basis by the Trustee, with clear written advice provided by the Investment Consultant if any of the metrics used to measure the objectives fall outside the pre-agreed constraints.
The asset return required to achieve the investment and funding objectives ("required return") is assessed on an ongoing basis against the expected return on the Scheme's assets. If expected return is below required return, the Trustee may adjust the strategic asset allocation to ensure that the Scheme remains on course to achieve its objective. Similarly, if expected return is above required return, the Trustee may reduce expected return and investment risk to enable the fund to progress on a less volatile path towards the funding objective.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee monitors the expected return versus the required return on at least a quarterly basis, via the PRMF. _All asset allocation changes throughout the period were made in consideration of the required return against the expected return, as well as wider Scheme context.

Required return, expected return, risk and collateral requirements are calculated and reported to the Trustee on a quarterly basis by the Scheme's investment adviser.	Yes, the Trustee is satisfied that this policy has been followed.	The stated metrics are provided within the PRMF, which is provided to the Trustee on a quarterly basis by its investment consultant.
The kind of investments and the balance between different kinds of investments is driven by the objectives and constraints from the Pension Risk Management Framework, which helps balance the risks and returns required to reach the investment objective. The Trustee aims to align with the Principal Employer by dedicating resource to considering how the Scheme could potentially achieve net-zero carbon emissions by 2035, by exploring how the Scheme's investments and asset managers can help the Scheme move towards this target.	Yes, the Trustee is satisfied that this policy has been followed.	All asset allocation changes throughout the period were made in consideration of the objectives and constraints from the PRMF, as well as the ambition to achieve net-zero carbon emissions by 2035.
The Trustee will consult with the Principal Employer as appropriate on proposed changes to the strategic asset allocation, for example, if the level of return required reduces as a result of favourable experience.	Yes, the Trustee is satisfied that this policy has been followed.	The Principal Employer is represented at all IFC and Trustee meetings, and has been involved in discussions regarding all asset allocation changes throughout the period.

Risk		
The Trustee's willingness to take investment risk is dependent on the continuing financial strength of the Principal Employer and its willingness to contribute appropriately to the Scheme. The financial strength of the Principal Employer and its perceived commitment to the Scheme is monitored and the Trustee will reduce investment risk relative to the liabilities should either of these deteriorate.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee continues to monitor the financial strength of the Principal Employer on an ongoing basis and factor this into investment strategy considerations.
In addition to targeting an appropriate overall level of investment risk, the Trustee seeks to spread risks across a range of different sources. The Trustee aims to take on those risks for which they expect to be rewarded over time, in the form of excess returns.	Yes, the Trustee is satisfied that this policy has been followed.	The investment portfolio is diversified across several risk sources, which the Trustee receives reporting on quarterly from its investment consultant. Risks viewed by the Trustee as unrewarded risks are hedged.
The Trustee believes that the asset allocation policy should provide an adequately diversified distribution of assets. In addition, the Trustee also considers the risk arising from investment in specific asset classes. The risks, as stated in the SIP, are taken into account by the Trustee.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP lists a number of risk factors that the Trustee believes may result in a failure to meet the agreed objectives. The Trustee monitors and manages these risk factors through measures specific to each risk on a quarterly basis. It seeks guidance and written advice from its investment consultant as appropriate.

The Trustee considers the balance between active and passive management, in asset classes where passive management is a practicable option. In determining this balance, the Trustee will consider whether active management offers sufficient potential to outperform to justify the additional risks and fees compared with passive management.	Yes, the Trustee is satisfied that this policy has been followed.	The relative considerations between active and passive management are considered as part of any relevant asset allocation and manager selection decisions. The Trustee's quarterly reporting from its investment consultant displays any active risk in the portfolio as well as the contribution to expected returns from each manager, and considers active manager performance net of fees.
The Trustee monitors the risk and return characteristics of the Scheme on a quarterly basis. On a quarterly basis, the Trustee monitors the volatility of the Scheme's funding level and sources thereof.	Yes, the Trustee is satisfied that this policy has been followed.	The risk and return characteristics of the Scheme, including volatility of the Scheme's funding level and sources thereof, are included in the investment consultant's quarterly reporting and reviewed by the Trustee.
Expected Return		
The Trustee recognises that, depending on the prevailing level of funding, the Scheme requires a strategy to be implemented which is intended to produce a return consistent with that assumed in the actuarial valuation for funding purposes. There is also a dual objective of ensuring an expected return that allows the Scheme to meet its primary investment objective of being 100% fully funded by 2034 on a Gilts+0.5% basis.	Yes, the Trustee is satisfied that this policy has been followed.	The required return for full funding by 2034 on the Gilts+0.5% basis is monitored within the PRMF, which is provided at least quarterly. Although over the majority of 2023 the expected return of the Scheme was behind the required return, the Trustee considered its options and decided not to take any immediate actions to rectify this. This was due to ongoing Scheme valuation and Employer covenant considerations.

Investment Policy		
An investment policy has been established for the Scheme's DB assets to ensure that the portfolio meets the agreed risk and return objectives. The Trustee will formally review its investment policy after each actuarial valuation of the Scheme, or more frequently if required or advised by its investment consultant.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has taken actions so that the Scheme has adhered to the investment policy set out in the SIP, such as moving capital to the LDI portfolio to maintain a robust hedging programme. The asset allocation broadly aligned with the Scheme's strategic asset allocation as at 31 December 2023.
Investment Manager Policy		
The Scheme holds investments in both segregated and pooled arrangements. For the segregated arrangements, the long-term relationships between the Trustee and its managers are set out in separate Investment Manager Agreements ("IMAs"). These document the Trustee's expectations of their managers, alongside the investment guidelines they are required to operate under. For pooled arrangements, the Scheme's investments are managed according to standardised fund terms, which are reviewed by the Scheme's legal and investment advisors at the point of investment to ensure that they are aligned with the Scheme's long-term investment strategy and market best practice.	Yes, the Trustee is satisfied that this policy has been followed.	The IMAs for segregated mandates are reviewed to maintain alignment with the Trustee's policies and aims. For example, over 2023, the IMA in place with Schroders, the Scheme's LDI manager, was updated to ensure the hedging guidelines aligned with the Trustee's strategic targets, The Trustee, supported by its investment consultant, monitors pooled fund terms both at the point of investment and periodically on an ongoing basis to ensure alignment with the Scheme's long-term investment strategy and market best practice. For example, over 2023, fee discounts were agreed with two of the Scheme's pooled fund managers.

The Trustee shares its SIP with the managers periodically, with the aim of ensuring managers invest in line with the Trustee's policies.	Yes, the Trustee is satisfied that this policy has been followed.	The SIP has been circulated to each of the Scheme's managers.
The Trustee reviews the fees managers are paid periodically to confirm they are in line with market practices, notably when the Trustee expects the manager to take an active ownership approach and consider both long-term ESG risk factors and opportunities to decarbonise the portfolio.	Yes, the Trustee is satisfied that this policy has been followed.	Manager fees are reviewed on an ongoing basis by the Scheme's Investment Consultant. Over the Scheme year to 31 December 2023, the Investment Consultant, on behalf of the Trustee, negotiated fee reductions with two of its managers, Insight and Hermes. The Manager Monitoring Report provided by the Trustee's investment consultant on a quarterly basis outlines the fees for investment managers.
The Trustee reviews the portfolio transaction costs and managers' portfolio turnover ranges, where the data is disclosed and available. The Trustee will then determine whether the costs incurred were within reasonable expectations.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee's investment consultant supports the Trustee in these reviews. There were no reports of materially high portfolio transaction and turnover costs over the period.

The Trustee appoints its investment managers with an expectation of a long-term partnership, which encourages active ownership of the Scheme's assets where appropriate to that asset class. When assessing a manager's performance, the focus is on longer-term outcomes and is assessed over a medium to longer-term timeframe. The Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe than three years due to other factors such as a significant change in business structure or the investment team.	Yes, the Trustee is satisfied that this policy has been followed.	The Manager Monitoring Report provided by the Trustee's investment consultant on a quarterly basis sets out performance statistics over longer and shorter timeframes, but with a focus on the longer periods. No asset allocation changes throughout the period were made due to managers' short-term performance.
Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee receives ongoing monitoring of its managers, including on ESG factors, from its investment consultant. The investment consultant engages with managers on behalf of the Trustee and reports developments.

Day-to-day management of the assets		
The Trustee employs Investment Managers, with whom day-to-day responsibility for the investment of the Scheme's assets rest. Details of the mandates set for the Investment Managers by the Trustee are set out in the DB Investment Policy Implementation Document ("IPID"). Where assets are managed on a segregated basis, the Trustee is able to tailor the nature of the investment mandate and set restrictions on how assets are managed to meet the Scheme's specific requirements. The Trustee accepts that it is not possible to specify investment restrictions where assets are managed via pooled funds as the Investment Manager has discretion over the timing and realisation of investments.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has amended the IMA in place with its LDI manager over 2023 to tailor the investment mandate and restrictions, to improve alignment with the Scheme's specific requirements.
The IFC meets each investment manager regularly to discuss their performance and any wider issues, in order to review the continued suitability of the appointed investment managers.	Yes, the Trustee is satisfied that this policy has been followed.	The IFC meets with relevant investment managers where considered an appropriate use of time and depending on time allocated for other priority agenda items. The IFC met with Stonepeak, one of the Scheme's renewable infrastructure managers, over the year for an update on the fund's existing projects and future pipeline. The investment consultant continues to meet with managers more often than this internally and flags to the Trustee when beneficial to schedule a meeting with a manager.

Additional Voluntary Contribution Assets ("AVCs")		
With the assistance of the Scheme's consultants, the AVC arrangements will be reviewed periodically to ensure that the investment profile of the funds available remains consistent with the objectives of the Trustee and the needs of the members.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee has not made any changes to the AVC fund or manager arrangements during the period covered by this document.

Review of DC SIP Policies

Policy	Has the policy been followed?	Evidence
Investment Policy		
The Trustee regards its prime DC duty as providing a default investment strategy to meet the requirements of members who do not or are unable to make an investment decision. In addition, its duty is also to make available a range of investment options sufficient to enable members to tailor their investment strategy to their own needs, recognising these may change during the course of the members' working lives.	Yes, the Trustee is satisfied that this policy has been followed.	An annuity focused lifestyle option was selected as the default investment at the last review, based on an analysis of the membership, including its risk tolerance, members' projected account values and wider industry experience. In line with the Trustee's objective to provide a range of investment options, the Trustee also makes available a range of self-select funds. Members who prefer to make their own investment choices can therefore choose from a range of individual funds, which have been selected by the Trustee after taking professional investment advice.

Lifestyle Strategy and Default Investment Option		
Lifestyle strategies are designed to meet the conflicting objectives of maximising the value of the member's assets at retirement and protecting the member's accumulated assets in the years approaching retirement. The Trustee will periodically review the investment arrangements to ensure the fund range remains suitable.	Yes, the Trustee is satisfied that this policy has been followed.	The Trustee is comfortable with the investment arrangements offered currently, in the context that focus for the DC section is the exploration of alternative options for providing DC benefits.
Risk		
The risks, as stated in the SIP are assessed and monitored regularly.	Yes, the Trustee is satisfied that this policy has been followed.	Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The default lifestyle strategy balances the trade-off between the different risks that DC members face and the expected returns, both through the de-risking strategy and the selection of investment funds, moving members into lower risk funds as they get closer to retirement. The Trustee also makes available a range of funds expected to manage the different risks, across various asset classes for members wishing to self-select their investments.

3. Appendix A – Examples of manager engagement over the year

Where a manager has provided engagement examples across one of biodiversity or just transition, alongside the Scheme's key stewardship priority of climate change, we have included multiple engagement examples per manager.

Engagement examples from the DB Section

In all examples below, the engagement activity took place either in full or in part over 2023. Often, engagement with a company occurs over several years, so the activity which took place over 2023 may be part of a longer-term engagement program.

Where initial engagement examples provided by managers lacked sufficient detail on the focus and outcome of the engagement, the Trustee (via its investment consultant) successfully challenged the manager to provide further detail.

Schroders

1. **Company:** HSBC (Counterparty bank within the LDI portfolio)

Topic: Climate Change
Details of the engagement: Schroders have actively engaged with HSBC, an LDI Counterparty Bank, who they viewed as laggards versus peer counterparty banks in the context of their approach to climate related reporting, engagement, and actions. Schroders' engagement with the bank involved multiple touch points, allowing them to discuss their findings and outline steps to address concerns directly with key decision makers within the business. Through these engagements, Schroders emphasised the importance of banks' disclosure of their activities to, amongst other factors, support clients' transition to net zero.
Outcome of the engagement: HSBC has been part of Schroders' 'Banks Climate Engagement' effort which has been running since 2022, which is their internal program for engaging with banks on climate-related matters. In Schroders' view, they have progressed a long way from an obvious laggard (at least vs UK peers) to an open engagement process and a genuine desire to get to best in class. Schroders have set HSBC several objectives in relation to Climate which they will monitor over 2024. These include publishing a detailed Climate Transition Plan, consulting investors on the desirability of a 'Say on Climate' vote at the 2024 AGM and seeking Science Based Targets initiative verification as and when HSBC adopts a new Partnership for Carbon Accounting Financials-driven financed emissions model.

Legal and General Investment Management ("LGIM")

1. **Company:** Nucor Corporation

Topic: Climate Change – Decarbonisation

Details of the engagement: Nucor is the largest steel producer in the US and among the top 20 in the world; steel is pivotal to the energy transition, being central to the auto industry and renewable energy infrastructure. Under their Climate Impact Pledge, LGIM select c.100 'dial-mover' companies for in-depth engagement, using their qualitative framework set out in their sector-specific guides. 'Dial-mover' companies are chosen on their size and potential to galvanise action in their sectors, reflecting LGIM's aim of driving market-level improvements. LGIM engaged with Nucor, which was selected as a 'dial-mover' company under this pledge, focusing on LGIM's sector-specific guides and 'red lines' which include a commitment to net-zero operational emissions. LGIM voted against the Chair of the company in its 2023 AGM for failing to meet this 'red line'.
Outcome of the engagement: Nucor announced a net-zero emissions commitment with interim targets and a published decarbonisation plan. As one of the largest steel producers in the world, this is a significant step towards decarbonisation of the steel industry. This is not the first time that LGIM have seen a commitment from the company after voting against its Chair: in 2021, they voted against the Chair for a lack of emissions reduction targets and the subsequent year, the company set them, meaning they received no sanctions from LGIM in 2022.

2. **Company:** China Mengniu Dairy

Topic: Biodiversity
Details of the engagement: LGIM have been engaging with China Mengniu Dairy under their Climate Impact Pledge since 2019 and have had several detailed conversations, focusing on their minimum climate expectations, including discussions on deforestation. Primary concerns related to emissions disclosures and suitable targets, and the lack of a deforestation policy. In line with their Climate Impact Pledge escalation process, LGIM continued to vote against the re-election of the board chair, and the company was placed on LGIM's disinvestment list in 2020.
Outcome of the engagement: Since LGIM began their engagement, the company has made progress on lower-impact products, and increased transparency on biodiversity. In 2022, the company published a deforestation policy and a commitment to achieve zero deforestation by 2030. The company has also published a commitment for carbon neutrality by 2050, covering all scopes of emissions. As a result of this, LGIM reinstated China Mengniu Diary into applicable funds in June 2023. LGIM continues to engage with China Mengniu Dairy and they have clarified to the company that they would like them to seek approval of their net zero targets by the SBTi and encourage them to report their Scope 3 emissions.

Amundi

1. **Company:** European Bank

Topic: Climate Change – Thermal Coal
Details of the engagement: One of the major sources of carbon emissions concerns the use of thermal coal in power generation. This European bank updated its thermal coal policy in July 2021, but the policy lacks transparency, is deficient in several aspects and remains unaligned with the objective of the Paris Agreement to limit global warming to 1.5°C. Amundi met with the bank's top management in June 2023 to discuss this policy as well as the bank's wider climate strategy, explaining concerns

with the bank's thermal coal policy, its unconventional oil & gas policy and its broader climate change strategy. The objective of the engagement was to urge the bank to commit to phasing out thermal coal power generation, to immediately halt financing to companies developing any coal activity, and to extend sectoral decarbonisation targets to also cover the capital markets activities on top of lending and investments.

Outcome of the engagement: The bank cited its crucial role in the country's economy as justification of its preferred risk-adjusted approach, incentivising clients to decarbonize instead of applying a full exclusion. The bank mentioned that one of its current priorities is to develop science-based targets, having committed to the SBTi in March 2022 meaning it has until March 2024 to develop and submit SBTi aligned science-based targets. Amundi consider this a positive development and plan to continue engaging with the bank in Q3 2024 to specifically address their SBTi targets and engage with the bank on its thermal coal policy which is lagging other European peers.

2. **Company:** UK Banking Group

Topic: Just Transition related policies

Details of the engagement: Amundi began engagement with this company in 2023 to understand how it was integrating just transition into its net zero strategy to consider the social impact of the climate transition in their own plans, particularly within their lending process. The engagement objectives were to further develop the company's strategy in relation to just transition and integrate it throughout the climate transition plan, to see evidence of just transition across all dimensions of the bank's activities and to disclose the regional resources available for local just transition work in the UK.

Outcome of the engagement: The bank appears to be advanced in its thinking surrounding incorporating just transition into its climate strategies. For example, they considered just transition when setting their decarbonization targets of residential mortgages. Also, with regard to differences in regional climate transition, the bank demonstrates appreciation for different regional requirements in the UK and the importance of place-based just transition considerations. There are opportunities for the company to improve further in terms of transparency and disclosing specifics of how just transition is integrated into the bank's climate transition plan. Amundi will continue to engage with the company in 2024 via a collective engagement on just transition.

3. **Company:** French Consumer Services company

Topic: Biodiversity policies

Details of the engagement: Amundi started engagement with this company in 2021, when it was still in the early days of developing a comprehensive biodiversity strategy. Amundi's engagement with the company included recommending them to achieve full transparency and mapping of their supply chain, developing a global biodiversity policy including guidance on translating this at a local level and top-down reporting on biodiversity as well as other recommendations.

Outcome of the engagement: The company has joined Act4Nature which is a French collaborative initiative which led them to outline strategic ambitions in line with the five drivers of biodiversity loss. The company's net zero ambition has a clear link to environmental objectives (water, pollution, deforestation), but no significant public developments on a biodiversity specific policy. The company has no clear commitment to SBTN or TNFD, but they have joined the SBTN Corporate Engagement program to help build sector specific elements to the frameworks. The company has also made efforts to translate their objectives at a local level including regenerative projects with groups such as WWF, however no clear plans to scale them yet. There has been a positive evolution to map their supply chain by joining Ecovadis' supplier engagement to understand where their impact is and how to better guide suppliers. They are monitoring 80 commodities total that represent 85% of climate impact (based on volumes).

Hermes

1. **Company:** Orbia

Topic: Climate Change
Details of the engagement: Hermes first engaged with Orbia, a global chemicals company, in 2020 on science-based targets and has since been engaging with the company regularly to advocate for a science-based approach when setting climate change targets. A focus of this was recommending Orbia to set its target, which was set for Scope 1 and 2 emissions initially, to be expanded to include Scope 3. At this time, the company was still in the process of collecting Scope 3 data.
Outcome of the engagement: In January 2023, Orbia announced its climate change targets which now include a Scope 3 target, which had been verified by the SBTi as aligned with a 1.5°C trajectory. During 2023, Hermes has subsequently met with Orbia to discuss a roadmap for achieving its new targets.

PIMCO

1. **Company:** US Based Real Estate Investment Trust

Topic: Climate change – Sustainability
Details of the engagement: PIMCO first engaged with the company to discuss poor disclosure practices associated with a sustainability bond issued by the company in 2020. PIMCO engaged with the company to share their expectations on impact reporting and best practices for ESG bonds more broadly. This engagement was initially unsuccessful, with the company failing to publish any impact reports two years into the bond's three-year maturity. PIMCO then escalated the issue, highlighting the company's lack of plan to align their overall environmental disclosure with industry standards including Task Force on Climate-Related Financial Disclosures (TCFD), Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB). PIMCO spoke with the company's Treasury team several times to reinforce our recommendations and potential impacts on ESG assessment for the program.
Outcome of the engagement: Although the engagement was unsuccessful in the first instance, the company has since published an allocation report and obtained a second-party opinion for the program, including impact metrics, showing some progress in improving disclosure. PIMCO plans to continue engaging the issuer on best practices including more ambitious eligibility criteria and impact metrics.

2. **Company:** Standard Chartered

Topic: Climate Change & Biodiversity

Details of the engagement: PIMCO engaged with the company via a one-on-one call with their ESG team to discuss their net zero progress and sector policy along with labor rights related to the companies they lent to. This engagement involved clarifying the specifics of the company's net zero targets, and within this looking at biodiversity through contribution to global deforestation.
Outcome of the engagement: Post engagement, the company confirmed its exposure to cattle and soy is limited, with robust oversight over palm oil companies. The company has also incorporated all recommendations from the OECD guidance on human rights due diligence for banks. Looking forward, PIMCO recommended for the company to clarify how it prioritizes and engages with clients on transition. PIMCO encouraged the company to consider reducing the remaining indirect coal financing exposure in line with the net zero timeline. The company is looking into strengthening their lending due diligence, in regards to human rights, with international mechanisms (e.g. the International Finance Corporation) and the effectiveness of the grievance mechanisms in place.

Insight

1. **Company:** PEMEX

Topic: Climate Change
Details of the engagement: Since 2021, Insight has participated in the Climate Action 100+ (CA100+) collaborative engagement, focusing on PEMEX. During the engagement, Insight encouraged improvements directly with PEMEX, including improving governance and reporting on sustainability plans.
Outcome of the engagement: Throughout the engagement, Insight have been pleased to see improvements in PEMEX's climate action governance and plans. In December 2022, PEMEX announced plans to publish a 2023-2050 Sustainability Plan in 2023, which would include the strategies, actions and metrics used to meet ESG goals. PEMEX made an important improvement on governance by establishing a sustainability committee to coordinate and oversee PEMEX's ESG strategies and guidelines. Following engagement in Q1 2023, PEMEX confirmed the committee will regularly report to the board and will include two board directors in addition to C-suite executives.

3. Appendix B – Summary of voting over the year

The managers below were provided with the Trustee's definition of a 'most significant vote', as outlined in the Scheme's SIP. The voting examples provided all meet the criteria as they are related to the Trustee's key stewardship theme of climate change.

The Trustee has no reason to believe that the voting data provided is inaccurate or incomplete.

Summary of voting behaviour in DB Section over the period

Legal and General Investment Management ("LGIM")

The Trustee invests in pooled fund arrangements, and as such, it is not necessary for managers to consult with the Trustee before voting. As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrate the manager is exercising good stewardship **(see table below)** in line with the Pensions and Lifetime Savings Association's Vote Reporting Template.

The Scheme's equity exposure is achieved through the Trustee's investment in the LGIM FTSE TPI Global (ex Fossil Fuels) Equity Index Fund OFC. This is a pooled fund arrangement and voting information over the year for the Fund is summarised in the below table.

	FTSE TPI Global (ex Fossil Fuels) Equity Index Fund OFC
How many meetings were you eligible to vote at over the year to 31/12/2023?	1,684
How many resolutions were you eligible to vote on over the year to 31/12/2023?	22,375
What % of resolutions did you vote on for which you were eligible?	100%
Of the resolutions on which you voted, what % did you vote with management?	80%
Of the resolutions on which you voted, what % did you vote against management?	20%
Of the resolutions on which you voted, what % did you abstain from?	0%
In what % of meetings, for which you did vote, did you vote at least once against management?	74%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser?	15.4%

Most significant votes

LGIM provided details of all votes related to the Trustee's stewardship priority of climate change. The following examples have been deemed most significant by the Trustee, with support from its investment consultant, based on the rest of the criteria outlined by the Trustee and detailed in the 'Voting' section within this Statement. The rationale as classifying each as a most significant vote is outlined in the table.

LGIM's most significant votes on behalf of the Trustee are as follows:

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Public Storage	The Toronto-Dominion Bank	JPMorgan Chase & Co.	Royal Bank of Canada
Date of vote	02/05/2023	20/04/2023	16/05/2023	05/04/2023
Approximate size of % holding as at the date of the vote	0.18%	0.31%	0.79%	0.38%

	Vote 1	Vote 2	Vote 3	Vote 4
Summary of the resolution	Report on GHG Emissions Reduction Targets Aligned with the Paris Agreement Goal	Disclose Transition Plan Towards 2030 Emission Reduction Goals	Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Report on 2030 Absolute Greenhouse Gas Reduction Goals
LGIM's vote	For	For	For	For
Rationale	LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.	LGIM generally support resolutions that seek additional disclosures on how banks aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set, Including activities and timelines, can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders.	LGIM generally supports resolutions that seek additional disclosures on how companies aim to manage financing activities in line with their published emissions targets. LGIM continue to consider that decarbonisation of the banking sector and its clients is key to ensuring that the goals of the Paris Agreement are met.	LGIM generally support resolutions that seek to expand and improve the level of emissions disclosure and target-setting for high-emitting sectors. LGIM have embedded scope 3 disclosure and targets into their minimum expectations for all sectors.
Outcome of the vote	34.7% (Fail)	23.5% (Fail)	34.8% (Fail)	17.2% (Fail)
Under what criteria does the Trustee deem this vote to be significant?	These votes are deemed to be most significant votes as they relate to climate change, the holdings each represent a relatively large £ exposure in the fund and the nature of each resolution appear relevant to the Trustee's beliefs and aims for the Scheme.			

Summary of voting behaviour in DC Section over the period

BlackRock

BlackRock's Investment Stewardship team periodically publish detailed explanations of specific key votes in "vote bulletins". BlackRock consider these vote bulletins to contain explanations of the most significant votes for the purpose of the Shareholder Rights Directive II.

The Trustee invests in a mixture of actively and passively managed pooled fund arrangements.

Although for passive investment portfolios the aim is to replicate the index, the Investment Managers are able to take ESG guidelines into considerations via two key approaches:

1) Firstly, by selecting an index that incorporates ESG guidelines at the outset. As a valued partner to the major index providers, BlackRock provide input into their methodology and product offering.
2) Secondly, where clients are invested across an index and in cases are unable to sell underperforming companies, engagement with companies, including proxy voting, is a key means to integrate ESG factors into investing.

The corporate governance program led by the Investment Stewardship team is integrated within all portfolios investing in public companies, whether clients invest in branded sustainable investing funds or in BlackRock's core index-tracked and active investment strategies. The Investment Stewardship team acts as a central clearinghouse of BlackRock's views across the various portfolios with holdings in individual companies and aims to present a consistent message. BlackRock determine their engagement priorities based on their observation of market developments and emerging governance themes and evolve them year over year, as necessary. The team's key engagement priorities include:

- Board quality and effectiveness
- Strategy, purpose, and financial resilience
- Incentives aligned with financial value creation
- Climate-related risks and natural capital
- Company impacts on people

As part of its wider due diligence of the implementation of investment strategies, the Trustee requests the managers to produce information that demonstrates the manager is exercising good stewardship (see table below) in line with the Pensions and Lifetime Savings Association's Vote Reporting Template.

The DC section has equity exposure through the following funds:

- BlackRock 60/40 Global Equity Index Tracker
- BlackRock DC 50/50 Global Growth
- BlackRock DC 70/30 Global Growth
- BlackRock DC Aquila 30:70 Global Equity Fund
- BlackRock DC Aquila World Ex-UK Equity Index
- BlackRock DC UK Growth
- BlackRock UK Equity Index Tracker
- BlackRock 60/40 Global Growth

These funds share a relatively similar investment profile and have material overlap in underlying holdings. As such, taking a proportionate approach given the DC section is relatively small compared to the DB section, below we report voting information for the largest of these funds as a proxy for all. That is the BlackRock DC 70/30 Global Growth Fund, which makes up c.54% of DC assets as at 31/12/23.

	BlackRock DC 70/30 Global Growth Fund
How many meetings were you eligible to vote at over the year to 31/12/2023?	424
How many resolutions were you eligible to vote on over the year to 31/12/2023?	5,730
What % of resolutions did you vote on for which you were eligible?	95%
Of the resolutions on which you voted, what % did you vote with management?	95%*
Of the resolutions on which you voted, what % did you vote against management?	4%*
Of the resolutions on which you voted, what % did you abstain from?	0%*
In what % of meetings, for which you did vote, did you vote at least once against management?	26%
Which proxy advisory services does your firm use, and do you use their standard voting policy or created your own bespoke policy which they then implemented on your behalf?	BlackRock use Institutional Shareholder Services' (ISS) electronic platform to execute their vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock work with proxy research firms who apply their proxy voting guidelines to filter out routine or non-contentious proposals and refer to BlackRock any meetings where additional research and possibly engagement might be required to inform their voting decision.
What % of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser?	0%

** Figures may not sum to 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted differing ways, or a vote of 'Abstain' is also considered a vote.*

Most significant votes

BlackRock provided details of all votes related to the Trustee's stewardship priority of climate change. The following examples have been deemed most significant by the Trustee, with support from its investment consultant, based on the rest of the criteria outlined by the Trustee and detailed in the 'Voting' section within this Statement. The rationale as classifying each as a most significant vote is outlined in the table.

BlackRock's most significant votes for the BlackRock 70/30 Global Growth Fund on behalf of the Trustee are detailed below.

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Amazon.com, Inc	Shell Plc	Toyota Motor Corp	Sumitomo Mitsui Financial Group, Inc.
Date of vote	24/05/2023	23/05/2023	14/06/2023	29/06/2023
Approximate size of % holding as at the date of the vote	0.49%	5.16%	0.52%	0.19%
Summary of the resolution	Report on Efforts to Reduce Plastic Use	Request Shell to align its existing 2030 reduction target covering the Greenhouse Gas (GHG) emissions of the use of its energy products (Scope 3) with the goal of the Paris Climate Agreement	Amend articles to report on corporate climate lobbying aligned with the Paris Agreement	Amend Articles to disclose transition plan to align lending and investment portfolios with the goals of the Paris Agreement
BlackRock's vote	Against	Against	Against	Against
Rationale	The company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.	The proposal will not serve shareholders' interests.	The request is either not clearly defined, too prescriptive, not in the purview of shareholders, or unduly constraining on the company.
Outcome of the vote	Fail	Fail	Fail	Fail

	Vote 1	Vote 2	Vote 3	Vote 4
Under what criteria does the Trustee deem this vote to be significant?	These votes are deemed to be most significant votes as they relate to climate change (and in some cases also biodiversity), the holdings each represent a relatively large £ exposure in the fund (particularly Vote 2) and nature of each resolution appear relevant to the Trustee's beliefs and aims for the Scheme.			

Final Remarks

Overall, the Trustee continues to make investment decisions in line with the policies set out in the SIP.

The reporting period for this Statement covers 1st January 2023 to 31st December 2023. Any actions undertaken by the Trustee after this date will be covered in the next Statement. The Trustee considers Stewardship and effective engagement important tools to achieving more sustainable outcomes and where applicable, the Trustee does seek to incorporate its voting and engagement policies into its appointment terms with managers.