



Atos UK 2019 Pension Scheme

Welcome

Introduction from the Chairman

The last year has been another challenging period for us all, with the significant volatility in financial markets, the cost-of-living crisis and the ongoing conflict in Ukraine all having a significant impact. I am pleased to report that against that back-drop, the Scheme has continued to function effectively and to deliver on its primary objective of providing benefits to members as they fall due.

Atos Transformation Plan

The Trustee is aware of the restructuring proposals announced by Atos in June 2022 and, with support from our professional advisors we are in regular contact with the Company's senior management team in Paris as the process develops. As you would expect, the Trustee's priority in its discussions with group management is to seek to ensure that the restructure does not have an adverse impact on the Scheme's ability to pay the benefits earned by members. The Trustee understands that you may have questions on how the business restructure will impact on the Scheme and will update you when the position is finalised.

Administration service levels

The 2022 newsletter included confirmation of the Trustee's decision to appoint Hymans Robertson ("Hymans") to provide administration services.

Hymans replaced XPS as the Scheme administrator on 31 January 2022. The transition of services from XPS to Hymans has not gone as smoothly as we had expected and at times the level of service provided to members has fallen below that which the Trustee, Atos and Hymans expects. I'd like to apologise to those members who have been directly impacted by this and to reassure you that we are working hard with our colleagues at Hymans to address any remaining issues as quickly as possible and ensure they do not arise in the future.

Impact of volatility in financial markets

The changes introduced by the previous Chancellor in the September 2022 "mini-budget" were followed by a period of extreme volatility in financial markets. During this period there was widespread media coverage of the impact on pension schemes and, in particular, those schemes with Liability Driven Investment ("LDI") funds. The main purpose of LDI investment is to protect the Scheme from the impact of adverse movements in interest rates and inflation - both of which are important elements in calculating the cost of providing the benefits earned by members (the Scheme's liabilities). I am pleased to report that we were able to successfully maintain our LDI investments during this period, and would like to thank our investment advisors at Redington for their hard work during this challenging time.

Welcome to the 2023 newsletter for the Atos UK 2019 Pension Scheme ("the Scheme").

Elsewhere in the newsletter you can read about the latest pensions news and access updates on the Scheme, including:

- ▶ Further information on the transition of administration services to Hymans
- ▶ An update on the Scheme's funding position - including the results of the annual update at 31 December 2021
- ▶ Details on how the Trustee is investing more of the Scheme's assets in sustainable funds
- ▶ Information on how to protect yourself from pension scams
- ▶ Confirmation of how the Scheme's assets are invested.

I hope you enjoy reading the newsletter and that you find the information provided both helpful and of interest. Please do share any feedback, or send any questions you may have to: atosnewsletter@xpsgroup.com

With best wishes

**Chris Martin -
Independent Trustee Services Limited
(Part of the Independent Governance Group)**

**Chairman,
Atos Pension Schemes Limited**



Update on Scheme administration services

In December 2021, we wrote to you to let you know that after due consideration and in consultation with Atos, we had decided to appoint Hymans as the new Scheme Administrator. Whilst both Hymans and our previous administrator XPS have worked hard to achieve an efficient transition, we are aware that there has been disruption to the services provided to members and that implementation of the online services has been delayed. We would like to apologise to those members who have been directly affected and to reassure you that we are focused on resolving these issues as quickly as possible.

Relocation of the Hymans administration services from Birmingham to London

To enable additional administration resource to be allocated to the Scheme, the Trustee and Hymans have agreed to move the administration services

from Hymans' Birmingham office to its team based in central London. The Trustee will continue to work closely with Hymans, and remains confident that service levels will reach and be maintained at the level that members, Atos, the Trustee and Hymans expect. Please note that there will be no change to the Hymans contact details shown in this newsletter as a result of the move from Birmingham to London.

Implementation of online member services

At present, access to online member services is only available to pensioner members - for whom the range of services is more restricted, given that they are already receiving their Scheme benefits. The nature of the preparatory work that Hymans need to complete for the online services is different for those members who have earned defined benefit ("DB") pension and those who have earned defined contribution ("DC") pension.

This means that the implementation plan will see the online services made available to those members with DB-only pensions shortly 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 to DB only members from May 2023. Please note this will be rolled out on a phased basis over the Summer to ensure Hymans can provide the necessary support often required when members log on for the first time. Online services for members with DC benefits will be available later in 2023.

Updates on defined contribution fund values

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 recommends seeking independent financial advice before making changes to investment selections.

Contact details for administration enquiries

If you have a question regarding your Scheme benefits, then you can raise it with Hymans via one of the contact options below. Please note that there are separate contact details for general enquiries and for questions related to pension payments:

General enquiries

For general enquiries regarding Scheme benefits or to confirm a change of address

In writing to:

Atos UK 2019 Pension Scheme
Hymans Robertson LLP
Administration Team
PO Box 27169
Glasgow
G2 9NE

By telephone on:

0121 212 8151
(Phone lines are open from
9am to 5pm Monday - Friday)

By email to:

Atos@hymans.co.uk

Pension payments / Bank details

For questions about your pension payments or to notify Hymans regarding a change to your bank details

In writing to:

Atos UK 2019 Pension Scheme
Hymans Robertson LLP
TPA Pensioner Payroll Team
PO Box 27170
Glasgow
G2 9NF

By telephone on:

Tel: 0141 566 7640
(Phone lines are open from
9am to 5pm Monday - Friday)

By email to:

TPAPensionerpayroll@hymans.co.uk

Please note:

- ▶ Whilst Hymans are able to take change of address details in writing or over the phone, if you provide these by phone you will be asked some security questions so that they can confirm your identity.
- ▶ For security reasons Hymans can only accept change of bank details in writing and will require proof of address before they are able to update your details. Hymans will send you written confirmation when your bank details have been updated.



Unfortunately, scammers continue to be a big problem for pension savers. A pension scam can take several forms

Avoiding pension scams

Unfortunately, scammers continue to be a big problem for pension savers. A pension scam can take several forms, the most common ones being:

- ▶ Offering to transfer your savings into investments that promise high returns, which turn out to be high-risk or even non-existent
- ▶ Offering to release cash from your pension before the current minimum pension age of 55
- ▶ Offering to release more cash than you can get from the Scheme, when that is more than is currently allowed under the law

These scams may be referred to as 'pension liberation', 'early pension release' or 'pension loans', but they are all illegal. This means you are not only at risk of losing your savings, but you could also

face a large tax bill for taking your pension savings before you are legally allowed.

You can protect yourself from pension scams by:

Being suspicious

It is illegal for someone to call you out of the blue about your pension. If you receive a phone call, email or text about your pension, be on your guard. Do not be afraid to hang up and call the administrator using the details in this newsletter to check the contact is legitimate.

Doing your own checks

Scammers will often have professional looking websites and literature, so it is important to do your own checks. You can see whether the company you are dealing with is legitimate on the financial services register available on the Financial Conduct Authority (FCA) website at www.fca.org.uk

Taking your time

Scammers will often try and rush you into a decision by claiming what they are offering is a time-sensitive deal. Remember that any decision you make regarding your pension is an important one and

you should always consider any offers you might receive very carefully before taking any action, seeking professional help if you need it."

Getting professional help

Whenever you are thinking of making a decision about your pension, we recommend that you speak with an independent financial adviser (IFA). You can find one at www.moneyhelper.org.uk (search Find a financial adviser). The Money-Helper website was set up in June 2021 to combine the expertise of the Pensions Advisory Service, the Money Advice Service and Pension Wise so you will be able to find general information there as well.

If you are worried that you have been contacted by scammers, you can visit www.fca.org.uk/scamsmart to check the signs of a potential scam, see if the people you are speaking with are known scammers, or to report it. If you think you may be the victim of a scam, contact Action Fraud on:

0300 123 2040 (Monday to Friday 8am - 8pm), or +44 300 123 2040 if you are calling from overseas.

Environmental, Social and Governance (ESG) factors

The Trustee has set an ambitious carbon emissions target for the Scheme's Investments, aiming to achieve net zero by 2035 with an interim target of achieving a 33% reduction from its 2019 level by 2025. Good progress has been made against these targets so far. A target has also been set to limit

the risk of losses to the Scheme's assets under a hypothetical climate transition scenario.

Further objectives for the Trustee to consider when making investment decisions include investing with asset managers who have net zero targets themselves and investment in climate solutions which aim to remove carbon emissions from the atmosphere. The Scheme remains invested in two Renewable Infrastructure mandates, with a £100m

commitment split equally between the Stonepeak Global Renewables Fund and the Mirova Energy Transition 5 Fund.

The Scheme's commitments to both Stonepeak and Mirova will be drawn down by the managers over a number of years, so only a portion of the total commitments have been paid to the managers to date. The current valuations of the funded commitments and remaining commitments for each fund are shown in the table below:

Fund	Estimated valuation of commitments already drawn (at 31/12/2022)	Remaining commitments to be drawn in the future (at 31/12/2022)
Stonepeak	c.\$10m (£8m)	c.\$60m
Mirova	c.€23.8m (£21m)	c.€35m

The Trustee believes that the transition towards low-carbon energy solutions such as wind and solar is necessary to keep the rise of global temperatures well below 2 degrees Celsius, in line with the aim of the Paris Agreement. It also believes that this fundamental change in the structure of our energy system makes Renewable Infrastructure a compelling asset class.

Both the Stonepeak and Mirova funds typically invest in low-carbon energy projects such as off-shore wind farms or solar energy production, alongside providing the storage solutions that are needed for a low-carbon energy transition. A brief overview of each investment manager's recent activity is provided in the adjacent bullet points.

▶ The **Mirova fund** is Europe-focused, but has recently sought to expand its geographical diversification with projects across both Canada and Australia, including a Canadian carbon-free hydrogen production plant and an Australian onshore wind farm. The fund's pipeline also continues to include opportunities identified in wind, off-shore wind, solar, and mixed technologies across Europe. Recent projects include commitments to a Greek wind farm and Estonian solar panel projects.

▶ **Stonepeak** have so far made six investments across the US, Taiwan, North Asia and Latin America. The vast majority (95%) of the fund is invested within the renewables energy sector, whilst the other 5% is invested within energy transition.

You can read more about these funds via the following weblinks:
<https://stonepeak.com/investments/infrastructure/energy-transition>
<https://www.mirova.com/en/invest/energy-transition-infrastructure>



Moving to digital communications

The Trustee has previously explained to you that it has decided to move to 'paperless' communication. Going forwards, the Trustee intends to provide certain member documents and information, where permitted to do so by law, via our website <https://www.atos2019scheme.co.uk>.

These documents include summary funding statements, the Statement of Investment Principles, the Trustee's GDPR Privacy Notices and the annual Scheme report. This is the third (and final) notice notifying you that information and documents will be made available to read on our website or by electronic communication.

If you have not done so already, you can help with this transition by making sure Hymans has your up-to-date email address so that they can keep you informed when new documents are added to the website. In order to receive notifications that new information has been made available on the website, please send an

email to atos@hymans.co.uk with your name, membership number and date of birth in the main email body to register your email address. Please ensure you also notify Hymans if you change your email address in the future. We recommend that you provide a personal email address so that we can keep in touch with you.

By providing your email address, you are agreeing to all future information and documents being given electronically, where permitted by the legislation, unless you opt out (please see below). Where you have provided your email address to the Trustee previously, the Trustee will also treat this as you having already consented to receiving information and documents electronically unless you opt out.

You can opt out of electronic communications and continue to receive paper communications instead at any time. You can do so by sending an email to atos@hymans.co.uk or by writing to Atos UK 2019 Pension Scheme, Hymans Robertson LLP, Administration Team, PO Box 27169, Glasgow, G2 9NE. Either way, you should include your name, membership number and date of birth as part of your request.

If you require help and support or have any questions regarding the Scheme's move to paperless communications, please contact us via email on atos@hymans.co.uk or call 0121 212 8151.



Summary Funding Statement

Atos UK 2019 Pension Scheme

Update on the Scheme's financial position

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

How does the Scheme work?

The results of the Scheme's last actuarial valuation, undertaken as at 31 December 2019, are set out on page 8. We also share with you the estimated funding position reported by the Scheme Actuary in the annual update as at 31 December 2021 - this allows for movements in financial markets, but it is not a full actuarial valuation. The next full actuarial valuation is being undertaken as at 31 December 2022, the results of which are expected to be communicated in the Trustee's next annual newsletter.



Summary Funding Statement

How does the Scheme work?

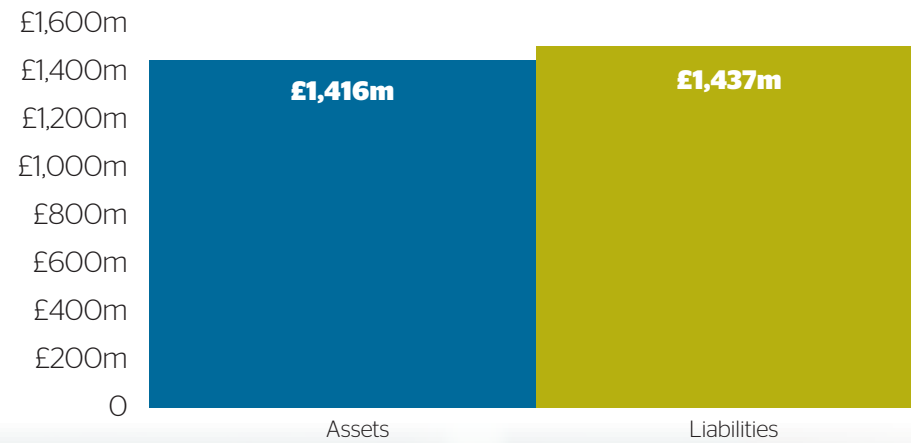
The Scheme is what is known as a defined benefit pension scheme. Generally, your pension will be based on your length of service within the Scheme and your salary. The Scheme's principal employer would ordinarily make contributions so that benefits can be paid as and when they fall due and also to cover the expenses of running the scheme. However, there is currently a 'contribution holiday' in place meaning that Atos IT Services UK Limited ('Atos UK') is not required to pay such contributions except in certain specific circumstances. Any contributions made are held in the Scheme and invested by the Trustee with the help of its professional advisers. Benefits are paid from the Scheme.

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

The Scheme's financial position

The results of the 2019 valuation

The chart below shows the results of the actuarial valuation as at 31 December 2019.



The results include £50 million of AVCs and other money purchase benefits at 31 December 2019.

At the valuation date of 31 December 2019, the Scheme had £21 million less than it would need to pay all promised benefits to all Scheme members. This is known as a deficit and means that the Scheme was 99% funded at that date.

What steps are being taken to remove the shortfall at 31 December 2019?

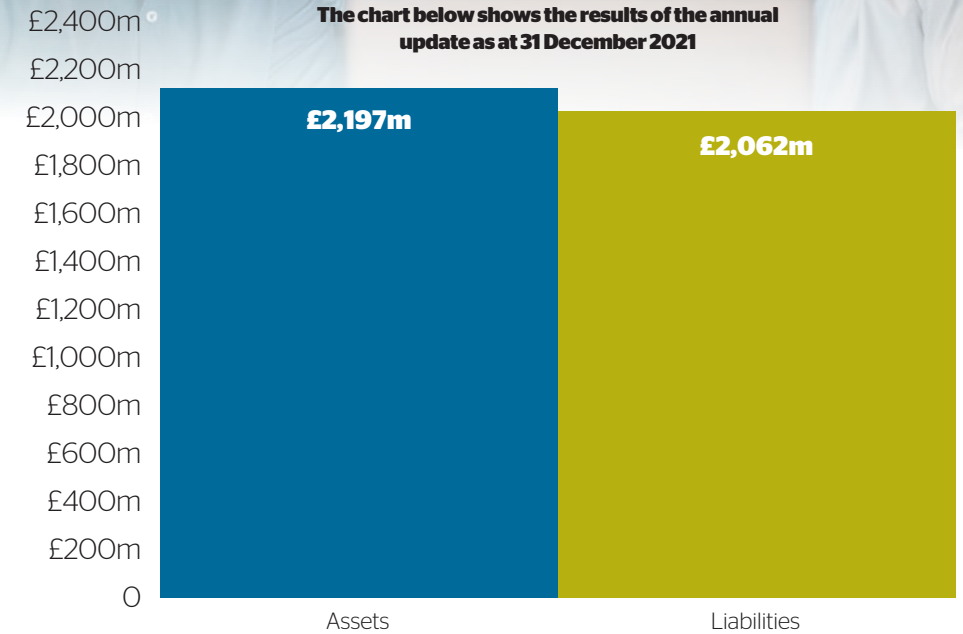
Following the Scheme's actuarial valuation, Atos agreed with the Trustee to aim to remove the shortfall by 31 December 2022 through investment returns expected to be achieved on the Scheme's assets over that period.

At the valuation date of 31 December 2019, the Scheme had £21 million less than it would need to pay all promised benefits to all Scheme members. This is known as a deficit and means that the Scheme was 99% funded at that date.

As you will be aware there were significant developments in the financial markets during 2022, including extreme volatility impacting pension schemes with 'Liability Driven Investments'. As noted earlier, the Scheme managed to successfully maintain its Liability Driven Investments.

How did the funding level change during the period to December 2021?

As at 31 December 2021 the Scheme Actuary estimated that the funding position was as follows:



The results include £48 million of AVCs and other money purchase benefits at 31 December 2021. At 31 December 2021, the Scheme had £135 million more than it would need to pay all promised benefits to all Scheme members. This is known as a surplus and means that the Scheme was 107% funded at that date. The improvement in the Scheme's funding level in the year ending 31 December 2020 was primarily due to the combined effect of better than anticipated investment returns achieved on the Scheme's assets and the transfer in of the assets and liabilities from the Atos UK 2011 Pension Scheme. There was a further improvement in the Scheme's funding level in the year ending 31 December 2021, which was primarily driven by the effect of better than anticipated investment returns.

As you will be aware there were significant developments in the financial markets during 2022, including the extreme volatility noted earlier in the newsletter and the impact this had on pension schemes with 'Liability Driven Investments'.

Whilst the Scheme's assets reduced materially during 2022, the estimated value of the liabilities also reduced by a similar level; an outcome observed by many other pension schemes. Therefore, even after these significant developments in the financial markets, the Scheme is (in broad terms) still expected to be fully funded at 31 December 2022 when measured on a consistent basis to that at 31 December 2021.

The Trustee is in the process of carrying out a full valuation at 31 December 2022, as part of which certain assumptions used to measure the liabilities will be reviewed and updated as appropriate. Depending on the outcome of these discussions, the results of the full valuation could lead to a different funding position to that estimated at that date for the purpose of this newsletter.

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

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

If the Scheme were wound up, we would seek to buy insurance policies to cover members' benefits. The Scheme Actuary estimated that, as at 31 December 2019, the Scheme would have a shortfall of £590 million against the estimated cost of buying insurance policies for all members' benefits. The larger shortfall on this basis compared to the funding level reported in the 2019 actuarial valuation reflects the estimated cost of buying insurance policies which is more expensive than paying benefits from the Scheme. The Trustee would claim what funds it can from Atos SE under its parent company guarantee to seek to make up the shortfall.

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

Have there been any payments to Atos UK or the other Scheme employers from the Scheme?

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

Interaction with the Pensions Regulator

It is a requirement that we inform you whether the Pensions Regulator has used its powers in relation to the Scheme to modify the future benefits, provide direction regarding the calculation of the Scheme's liabilities or imposed a Schedule of Contributions. We can confirm that the Pensions Regulator has not used any of these powers in relation to the Scheme.

Statistics Zone

Scheme membership

The table below confirms the Scheme's membership, as at 31 December 2022:

Membership category	Number of members
Active members who are still in pensionable service under the Scheme and employed by Atos	11
Deferred members who are no longer in pensionable service under the Scheme, but are not yet receiving a pension	3985
Pensioner members who are receiving a pension from the Scheme	3836
Total	7832

Scheme investments - Defined Benefit assets

As at 31 December 2022, the Scheme's defined benefit assets were invested across different sectors as shown below. The aim is to balance growth with security to ensure that the Scheme remains well-funded. This also includes investments such as the liability driven investment portfolio, which will react in a similar way to the Scheme liabilities when there are changes in inflation or interest rates.

Investment Manager	Fund Type	DB assets invested at 31/12/2022	% of DB assets at 31/12/2022
Schroders	Liability Driven Investment	£447.4m	33.5%
LGIM	Global Equity (Exc. Fossil Fuel)	£78.9m	5.9%
Amundi	Liquid corporate credit	£205.6m	15.5%
Insight	Liquid corporate credit	£199.8m	14.9%
Federated Hermes	Liquid corporate credit	£18.7m	1.4%
PIMCO	Liquid corporate credit	£52.6m	3.9%
Mercer	Illiquid corporate credit	£122.4m	9.1%
Mirova	Renewables	£21.1m	1.6%
Stonepeak	Renewables	£8.3m	0.6%
LGIM	Property	£165.1m	12.3%
Mercer	Cash	£9.4m	0.7%
Trustee bank account	Cash	£8.6m	0.6%
Total		£1,337.9m	100.0%

Update:

Important update re recent pensions tax changes

In his March budget, the Chancellor announced a raft of changes to pensions tax allowances. These limits were introduced in 2006 to restrict how much you could save into a pension scheme in a tax-efficient way. The chancellor's changes included:

- ▶ Scrapping the Lifetime Allowance (LTA) altogether. The LTA was a limit on the amount of pension savings you could build up tax free over your lifetime and had been frozen at just over £1 million. If you went over the limit, you had to pay a tax charge at retirement on the excess of up to 55%. Where payments made on or after 6 April 2023 would have triggered the 55% LTA charge under the pre-6 April 2023 regime, these will now be subject to income tax at the individual's marginal rate instead. The LTA itself technically remains in force for the 2023/24 tax year. However, it is set to be abolished from 6 April 2024.
- ▶ Raising the Money Purchase Annual Allowance from £4,000 to £10,000. This limit targeted people who had drawn out their benefits flexibly but continued to pay into a pension scheme. There is a similar limit for high earners (the Tapered Annual Allowance) which has also been raised to £10,000, and the adjusted income to be affected by it is now £260,000 or more.
- ▶ Increasing the Annual Allowance from £40,000 to £60,000 per year. This is a limit on how much you can pay into a pension tax free in each tax year. Like the LTA, there is a tax charge if you pay in too much.
- ▶ Capping the amount of tax-free cash you can take at retirement (also known as a pension commencement lump sum - PCLS) at 25% of the current Lifetime Allowance level except where protections apply. It has been set at £268,275.

The Scheme administrator cannot provide advice on personal financial matters, so if you think you might be affected by these changes, you should consider speaking to an independent financial adviser.

About Atos

Atos is a global leader in digital transformation with 111,000 employees and annual revenue of c. € 11 billion. European number one in cybersecurity, cloud and high-performance computing, the Group provides tailored end-to-end solutions for all industries in 69 countries. A pioneer in decarbonization services and products, Atos is committed to a secure and decarbonized digital for its clients. Atos is a SE (Societas Europaea), listed on Euronext Paris.

The purpose of Atos is to help design the future of the information space. Its expertise and services support the development of knowledge, education and research in a multicultural approach and contribute to the development of scientific and technological excellence. Across the world, the Group enables its customers and employees, and members of societies at large to live, work and develop sustainably, in a safe and secure information space.

Find out more about us

atos.net
atos.net/blog

Let's start a discussion together



Useful websites

The Scheme website

<https://www.atos2019scheme.co.uk>

This is your home resource for the latest information about the Scheme. The site contains copies of newsletters, and Scheme documents

MoneyHelper

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

MoneyHelper was launched in June 2021, to combine the expertise of the Pensions Advisory Service, the Money Advice Service and Pension Wise services. You can find lots of general advice about money and pensions on MoneyHelper, and you can also use it to find an IFA.

Pension Wise

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise>

If you are aged 50 or over and have any savings in a Defined Contribution (DC) pension, Pension Wise is a free government service that gives you access to impartial guidance about these savings. This is particularly important given the wide range of options available to DC pension scheme members.

You can book a free one-hour appointment (online or by calling 0800 138 3944) with a pension specialist who will help you:

- ▶ understand your pension options
- ▶ understand how each option is taxed
- ▶ tell you what the next steps are.

Citizens Advice Bureau

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

The Citizens Advice Bureau (CAB) is a registered UK charity providing free, confidential and independent advice whatever the problem may be. The CAB website contains lots of information on a range of pension related issues, or you can call them on 0800 144 8848.

PLSA living standards

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

The Retirement Living Standards have been developed through extensive research based on what people really want to get from retirement. They are a great starting point to help you understand what your future standard of living could be, depending on your expected retirement income. The standards paint a picture of what life in retirement looks like at three different levels, and what a range of common goods and services would cost at each level.

State Pension Forecast

<https://www.gov.uk/check-state-pension>

You can get a forecast of any State Pension benefit you may be entitled to receive from the gov.uk website, along with confirmation of the date from you can claim it. You can also ask for a forecast by completing and sending the Form BR19 (which you can download from the same web page), or you can call the Future Pension Centre helpline on 0800 731 0175 (or +44 191 218 3600 from overseas).

Age UK

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

Age UK is the leading charity for older people. Age UK helps support older people on topics such as claiming benefits and making life at home more manageable. You can contact Age UK online or by calling 0800 678 1602.

Note: This is a general newsletter covering various topical issues. It does not provide legal, financial and/or other advice. If you require such advice, you should seek independent legal, financial and/or other advice. The Trustee does not accept any liability in relation to any action which you may take or fail to take in respect of the matters set out in this newsletter.