



Atos UK 2019 Pension Scheme ("the Scheme")

This update has been prepared by the Trustee, and follows the communications issued in September 2023 and February 2024 and the summary of Frequently Asked Questions ("FAQ") prepared in March 2024. Copies of the previous communications and the FAQ summary are available on the Scheme website <https://www.atos2019scheme.co.uk/>

Introduction

The Trustee understands that the recent press reporting on both Atos SE and Atos IT Services UK Limited ("Atos UK") is likely to have been a cause of concern for members. This communication provides an update on the steps the Trustee is taking to monitor the financial positions of both Atos UK and Atos SE and assess their ability to continue to meet their financial obligations to the Scheme. It also includes an update on the outstanding actuarial valuation process, covering the anticipated timescales for completing the valuation and for sharing the results with members.

- Atos UK is the Scheme's statutory employer. This means that it is legally responsible for ensuring that the Scheme has sufficient funds to meet the cost of providing the benefits that are payable to members and their beneficiaries.
- Atos SE is the Scheme's Guarantor. This means that if Atos UK becomes insolvent or otherwise fails to complete any payments it is required to make to the Scheme then, under the terms of the Parent Company Guarantee, Atos SE would be required to provide the funding needed to enable members' benefits to be bought out with an insurance company.

Business restructure and refinancing process

Atos SE is restructuring its business, with the objective of ensuring that it is able to operate on a viable financial basis. The restructure process has seen the business separated into two operating divisions - Eviden and Tech Foundations - with management considering the sale of parts of the business in order to raise funds. Alongside the restructure, Atos SE is also seeking to reach an agreement with its financial creditors that would allow it to significantly reduce its debt and to receive the additional funding it needs to consolidate its overall trading position.

In the February 2024 update, the Trustee explained that Atos SE was progressing discussions with both Airbus and EPEI regarding potential asset sales. The Trustee understands that the talks with Airbus were focused on the sale of parts of the Eviden business, whilst it understands that the discussions with EPEI were targeting the sale of the Tech Foundations business. In both cases, the discussions concluded without an agreement being reached. The Trustee also understands that Atos SE has subsequently entered into a non-binding agreement with the French government for the sale of those parts of the Eviden business classed as being in the French national interest. Discussions with the French government regarding the completion of the sale process remain ongoing.

The February 2024 update also confirmed that Atos SE had commenced a formal process under which an independent third-party (called a "Conciliator") appointed by a French Court would work with the business to help it reach an agreement with its financial creditors to restructure its debt. The Trustee understands that Atos SE has considered a number of refinancing proposals and, together with the Court-appointed Conciliator, is working to agree and implement a refinancing package by the end of July 2024. Further information on this process is available on the Atos SE website via the following link <https://atos.net/en/press-releases>

Steps being taken by the Trustee

The Trustee, supported by its professional advisers, is working closely with the management teams of both Atos UK and Atos SE to understand their current trading positions and to assess the viability of their plans to return the business to a more stable financial position from which it will be able to provide ongoing financial support to the Scheme. The Trustee remains in regular contact with the Pensions Regulator regarding the financial positions of Atos UK and Atos SE and the arrangements in place to support the Scheme - including completion of the 31 December 2022 actuarial valuation.

Completion of the 31 December 2022 actuarial valuation

Every three years the Scheme Actuary carries out an actuarial valuation – a review of how much money the Scheme has, compared with how much the Trustee and Atos UK believe is needed to pay the benefits earned by members. As part of the actuarial valuation process the Trustee must form a view on the strength of the employer covenant - an assessment of the employer's ability to provide additional funds to the Scheme if they are needed to meet the cost of providing the benefits that have been earned by members. The Trustee uses a professional adviser to complete its assessment of the employer covenant and takes the results into account when deciding how conservative or "prudent" the actuarial assumptions used in the valuation process should be. In doing so, it looks at the support available from both Atos UK - as the Scheme's statutory employer - and Atos SE - as the Scheme's Guarantor.

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 has recently received the information it needs from Atos UK to finalise its assessment of the UK business and that process is expected to be completed in the near future. The Trustee also has access to financial reporting information placed in the public domain by Atos SE - including details of the refinancing package being considered.

The Trustee expects to complete the actuarial valuation and share the results with Scheme members (via the newsletter) 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. As part of that process, the Pensions Regulator will continue to have sight of the steps the Trustee and Atos UK are taking.

Further communication with Scheme members and contact for questions

The Trustee appreciates that the ongoing uncertainty regarding the financial position of Atos UK and Atos SE and their ability to provide further financial support to the Scheme will remain a cause for concern. It will continue to update members following material developments.

Any questions regarding the content of this communication can be raised with the Secretary to the Trustee at XPS via email to atos.secretarial@xpsplc.com. Please note that the Scheme Administrator, Hymans Robertson, is not able to answer any queries in relation to the business restructure or the refinancing plans.

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