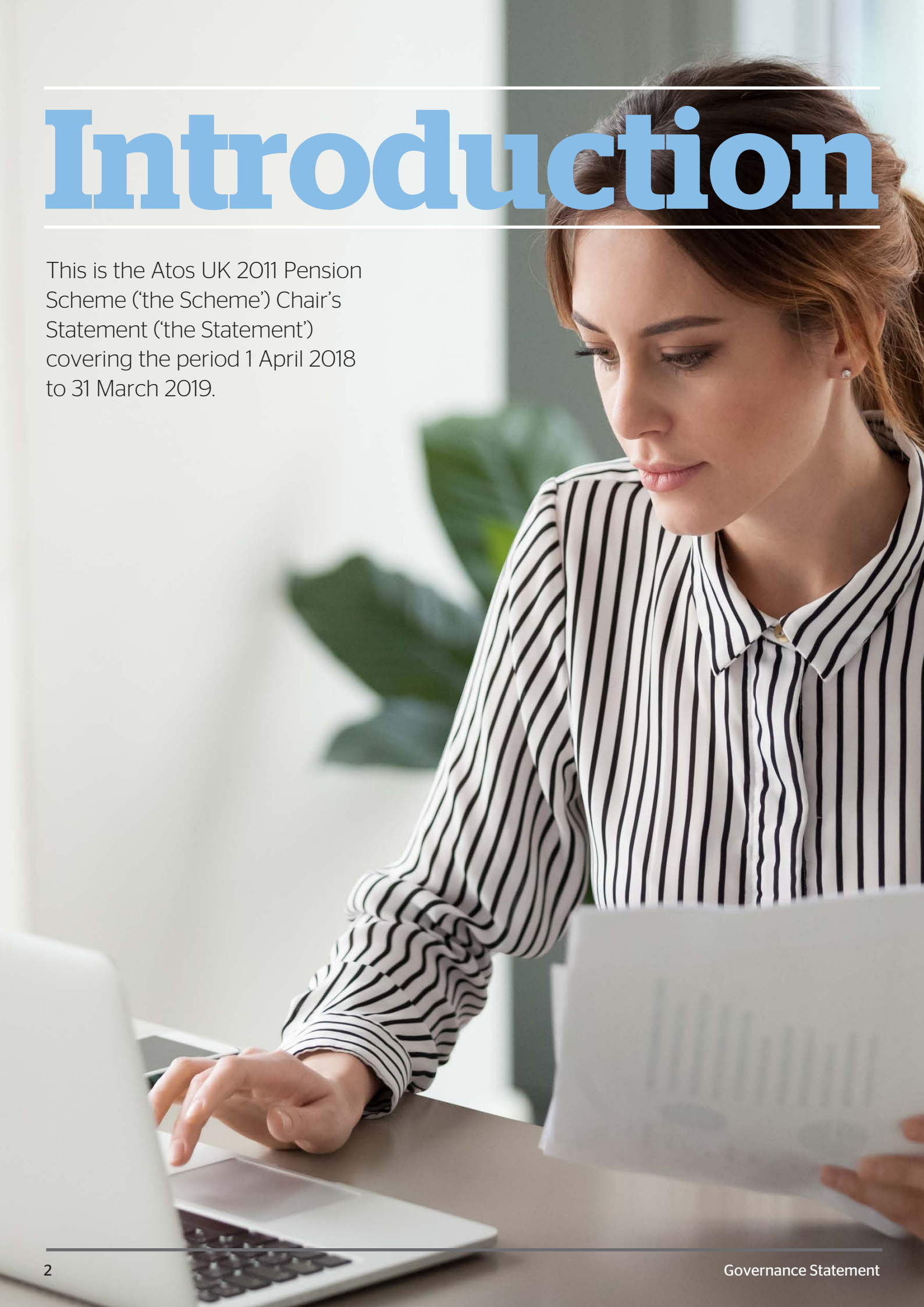




Atos UK 2011 Pension Scheme

Introduction

This is the Atos UK 2011 Pension Scheme ('the Scheme') Chair's Statement ('the Statement') covering the period 1 April 2018 to 31 March 2019.



The Statement is for members, to detail the work undertaken by the Trustee and others, to meet the governance standards that apply to Defined Contribution ('DC') pension arrangements. It covers the following topics:

- ▶ Governance and Queries
- ▶ The Default Investment Strategy
- ▶ Core financial transactions
- ▶ Charges and transaction costs
- ▶ An illustration of the charges levied on members
- ▶ Value for members
- ▶ Knowledge and understanding of the Trustee

The Scheme is a 'mixed benefit' arrangement. It provides a combination of Defined Benefit ('DB') and DC benefits to members, dependent on their membership category. There are two distinct categories of DC benefits within the Scheme:

- ▶ The Defined Contribution Section ('DC Section'): Members in this section are provided with DC benefits; and
- ▶ The 'AVC Option': Members of the Defined Benefit Section ('DB Section') have paid additional voluntary contributions ('AVCs') that can be invested in the same fund options as are available for the DC Section.

The Scheme is a 'mixed benefit' arrangement. It provides a combination of Defined Benefit ('DB') and DC benefits to members, dependent on their membership category.

The Scheme is used as a qualifying arrangement for automatic enrolment purposes in relation to active members in the DC Section.

The DC Section has a default investment option and comment on this is enclosed. The AVC Option does not have a default investment option as defined in the relevant regulations and therefore no comment on this matter is required for this Statement.



Governance and Queries

The Scheme was established by an Interim Deed dated 30 June 2011 and has been designed to provide comparable benefits for former members of the Siemens Benefits Scheme whose employment was compulsorily transferred to Atos IT Solutions and Services Limited as a result of a corporate acquisition.

Independent Trustee Services Limited (ITS) was appointed as the Chair of the Trustee on 20 September 2016 and is signing this Statement in that capacity.

Set out below are the items that must be covered by this Statement and which relate to the two categories of DC benefits within the Scheme.

If you have any questions or require any further information please contact the Secretary to the Trustee: Richard Harris, XPS Pensions Group, 11 Strand, London, WC2N 5HR, Richard.Harris@xpsgroup.com.

The default investment strategy for the DC Section

A copy of the default arrangement's Statement of Investment Principles, prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, is appended to this Statement as Appendix 1.

The default investment is a Lifestyle Strategy, called the 'Balanced Passive Lifestyle Fund'. This invests in a combination of equities, fixed interest investments and cash in the 'Growth Phase' and then within 6 years of a member's Target Retirement Age (the date at which a member intends to retire) switches to long dated gilt and cash investments.

The most recent review of the default arrangement's strategy and performance was concluded in May 2015. As a result of the review, the Trustee agreed to a restructuring of the existing default investment option. However, as reported in last year's Statement, the Trustee has yet to implement the revised strategy and amend the Statement of Investment Principles, pending a review by Atos of the wider structure of its pension arrangements. That review has now concluded and structural changes are in the process of being implemented. These amendments do not involve the Scheme and therefore, the Trustee has concluded that in the Scheme Year 2019/20, it will review its investment strategy and subsequently amend the Statement of Investment

Principles as necessary. The Trustee will provide an update to members in next year's Statement.

During the period covered by this Statement, the Trustee has reviewed the performance of the current investments against the benchmarks set out in the Statement of Investment Principles. This review included analysis of the fund returns against their benchmarks and consideration of general market trends. The Trustee is satisfied that the strategy continues to perform in a satisfactory manner when compared to the requirements set out in the Statement of Investment principles.





Core financial transactions

During the year the Trustee ensured the requirements of Regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 were met and that the Scheme's core financial transactions were processed promptly and accurately by:

- ▶ having an agreement in place with Aegon (as Scheme administrator) committing them to defined service level agreements ('SLAs'). This covers, amongst other matters, the accuracy and timeliness of all core financial transactions. The SLA, which sets maximum timescales for the administrator to complete certain tasks, covers matters including:
 - processing retirements;
 - automated investment switches;
 - making members 'paid up'; and
 - setting up new members.

- ▶ having Aegon report quarterly on their performance against the SLAs and reviewing that performance and quering variances; and
- ▶ having the Scheme auditor independently test a sample of financial transactions for accuracy and timeliness as part of the annual audit process.

The core financial transactions include:

- ▶ the investment of contributions;
- ▶ the transfer of assets relating to members transferring into and out of the Scheme;
- ▶ the transfer of assets relating to members moving between different investments within the Scheme; and

- ▶ payments from the Scheme to, or in respect of, members/beneficiaries.

The Trustee is pleased to confirm that in the reporting period there have been no material administration service issues. The Trustee's Administration and Governance Committee receive quarterly governance reports from Aegon (in its capacity as the administrator for the DC Section of the Scheme). These reports, which the Committee considers on a quarterly basis provide management information on Scheme activity levels each quarter and performance against Aegon's SLAs. The reports provide information which allows the Trustee to conclude that the financial transactions which are important to members have been dealt with promptly and accurately.

Charges and transaction costs (“DC”) Section

The Fund Management Charges applied to the default arrangement during the Scheme year were:

Fund	Total Expense Ratio (TER)
Aegon BlackRock Balanced Passive Lifestyle	0.50%

Source: Aegon

The Fund Management Charges applicable to all other funds available through the Scheme during the Scheme year were:

Fund	Total Expense Ratio (TER)
Aegon BlackRock 40/60 Global Equity Tracker	0.50%
Aegon BlackRock UK Equity Tracker	0.50%
Aegon Ethical	0.50%
SE HSBC Amanah	0.85%
Aegon/SE Balanced Passive	0.50%
Mixed	0.50%
SE M&G Property Portfolio	1.35%
Pre-Retirement	0.50%
Aegon BlackRock Over 15 Years UK Gilt Tracker	0.50%
Aegon BlackRock Over 5 Years UK Index-Linked Gilt Tracker	0.50%
Aegon/SE Cash	0.50%

Source: Aegon

Members may select any of the funds above and switch between these options should they wish.

Transaction costs are costs associated with buying and selling of investments and include for example stamp duty and brokerage fees. Transaction costs are incurred when contributions are invested, on switching between funds and when selling investments to take benefits. The following table are the average transaction costs incurred by each of the funds over the Statement period.

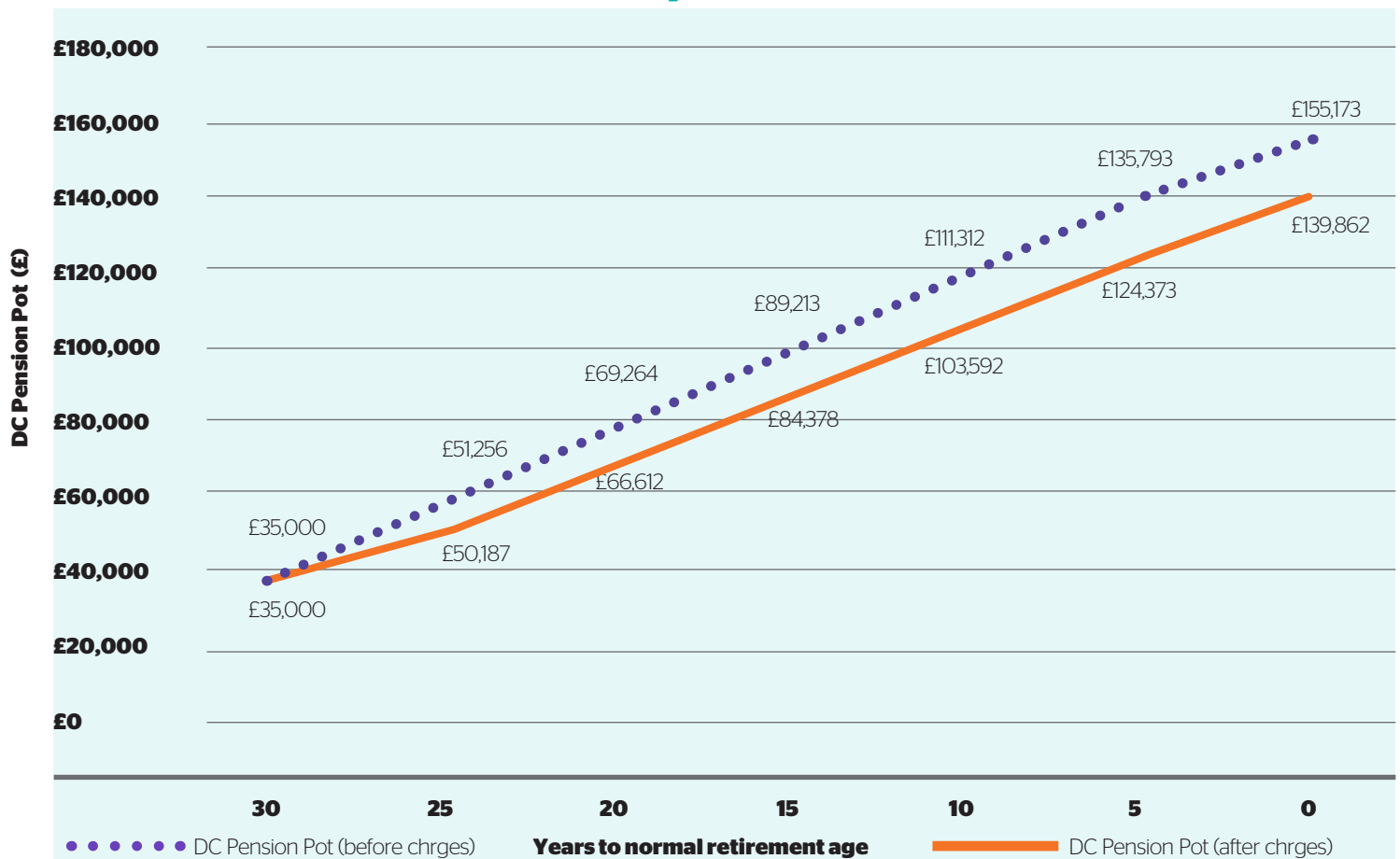
Fund	Transaction Costs (% of funds traded)
Aegon BlackRock Balanced Passive Lifestyle (default strategy)	0.0006%
Aegon BlackRock 40/60 Global Equity Tracker	0.0004%
Aegon BlackRock UK Equity Tracker	0.0008%
Aegon Ethical	0.0084%
SE HSBC Amanah	0.0003%
Aegon/SE Balanced Passive	0.0006%
Mixed	0.0037%
SE M&G Property Portfolio	-0.0003%
Pre-Retirement	0.0007%
Aegon BlackRock Over 15 Years UK Gilt Tracker	-0.0002%
Aegon BlackRock Over 5 Years UK Index-Linked Gilt Tracker	-0.0001%
Aegon/SE Cash	0.0000%

An illustration of the charges and transaction costs levied on members

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 member's pension pot sizes. This illustration is based on:

- ▶ The Aegon BlackRock Balanced Passive Lifestyle Fund - which is the DC Section default investment option and c.75% of members have investments in this option;
- ▶ An initial pension pot of £35,000
- ▶ Contributions of 8% throughout the period (based on pensionable earnings of £30,000 p.a.)
- ▶ Investment Returns (after inflation) are estimated as 2.07% p.a. for the Aegon/SE Balanced Passive Fund (in which all monies are invested until 6 years from Normal Retirement Date - 'NRD') and is moved by a differing percentage each year into the Aegon BlackRock Over 15 Years UK Gilt tracker (estimated return - 0.01% p.a. after inflation) and Aegon/SE Cash (estimated return - 1.41% p.a. after inflation).
- ▶ Inflation of 2.5% p.a.

Balanced Passive Lifestyle



Illustrations for all of the Funds available to members in the DC Section are shown in Appendix 2 of this Statement in table format.

In preparing these illustrations, the Trustee has had regard to:

- ▶ The Occupational Pension Schemes (Scheme Administration) Regulations 1996;
- ▶ The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018;
- ▶ The Pensions Regulator's Code of Practice number 13 on 'Governance

and administration of occupational trust-based schemes providing money purchase benefits;

- ▶ The Pensions Regulator's quick guide to the Chair's Statement and the Technical Appendix; and
- ▶ The Department for Work and Pensions' guidance (Cost and charge reporting; guidance for trustees and managers of occupational schemes); published in September 2018.

AVC Option

Members in the DB Section are offered the same fund range of investment funds as those in the DC section in which to invest their AVCs, including the option of the Aegon BlackRock Balanced Passive Lifestyle Fund. The member charges are also the same as for the DC Section.

Value for members ('VfM')

The Trustee has concluded that the member costs and other charges and expenses shown in this statement represent good VfM for members for the following reasons:

- ▶ the robust processes that are in place to ensure the efficient administration and governance of the Scheme (which include those explained in the 'Core financial transactions' and the 'Knowledge and understanding of the Trustee');
- ▶ the investment strategy takes account of membership needs and controls risks as member pot sizes grow and the need for protection increases;
- ▶ the funds have performed in line with fund objectives;
- ▶ the investment options available give members various options and asset types in which to invest;
- ▶ a broad range of benefit options available to members at retirement which include drawdown, cash options and annuities (some of which are provided via the National Pension Trust should the member wish to use this option);
- ▶ the high quality of communications and other services provided to members on an annual and ad-hoc basis by the Scheme's administrator provide members with clear and coherent information on their benefits and the options available to them; and
- ▶ Atos (company) pays the expenses of running the Scheme over and above the charges noted as met by members in this Statement, which is of benefit to the members.



A broad range of benefit options available to members at retirement which include drawdown, cash options and annuities (some of which are provided via the National Pension Trust should the member wish to use this option)

Knowledge and understanding of the Trustee

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

Whilst there have been no new appointments during the Scheme year, on the appointment of a new Trustee Director, the Trustee has an induction process in place to ensure a smooth transition. The Trustee also benefits from the knowledge provided by its professional Trustee Director, ITS. During the Scheme year, ITS operated an extensive training programme for all staff including directors, which includes a mandatory 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 a nominated 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. Topics covered by this training over the Scheme year have included recent legal judgements, Environmental, Social and Governance requirements for trustees, trustee board diversity, future developments in regulation and DC governance. The Trustee Directors are invited to attend a Trustee Training Day with the Scheme's legal advisers, CMS Cameron McKenna Nabarro Olswang, which covers an overview of pension legislation and the tax regime, trustee duties, conflicts of interest, trustee decision making, investment and funding, regulation and dispute resolution.

A library of key governance documents (hosted on the Trustee's online platform) is available to the Trustee Directors. The documents that can be accessed by the Trustee Directors include the Rules and subsequent amending deeds, annual Trustee Report and Accounts (including previous Chair statements in relation to defined contribution governance), key investment documents (e.g. Statement of Investment Principles and Schedule of Contributions), member communications, and copies of Trustee policy documents. The Trustee Directors 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 each Scheme year 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. A training programme is operated throughout the Scheme year which includes specific training 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. Examples of the training activities completed in the Scheme year include training provided by the Scheme's advisers on Environmental, Social and Governance requirements for Trustees.

The Trustee Directors also receive on at least a quarterly basis written materials prepared by the Scheme's legal and consulting advisers in relation to legal and other developments over the quarter aimed at increasing knowledge and understanding on the Trustee board and its committees of the law relating to pensions and trusts and other matters including occupational pension scheme investment and funding. The Trustee uses these regular legal updates to ensure that the Trustee's training programme is kept up to date and covers relevant topics that the Trustee Directors should be aware of.

The Trustee has considered the effectiveness of the current governance arrangements, and, in particular, the extent to which the advantages of a sole professional trustee structure are being utilised. As part of this process the Trustee has received feedback from its professional advisors, and has also discussed the current approach with Atos. The Trustee intends to undertake similar reviews on a regular basis in the future.

As a result of the training activities which have been completed by the Trustee Directors individually and collectively as a board and the other ITS representatives involved in the management of the 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 it to properly exercise its functions as Trustee.



The Trustee uses these regular legal updates to ensure that the Trustee's training programme is kept up to date and covers relevant topics that the Trustee Directors should be aware of.

Conclusion

The Chair and Trustee submit this report in compliance with the Chair's Statement requirements, in the belief that in the reporting period the Scheme has been operated and governed appropriately.

**Chris Martin, Independent Trustee Services Limited,
Chair of the Atos Pension Schemes Limited**

Adopted by the Trustee on 28th October 2019

About Atos

Atos is a global leader in digital transformation with over 110,000 employees in 73 countries and annual revenue of over € 11 billion.

European number one in Cloud, Cybersecurity and High-Performance Computing, the Group provides end-to-end Orchestrated Hybrid Cloud, Big Data, Business Applications and Digital Workplace solutions. The group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and operates under the brands Atos, Atos Syntel, and Unify. Atos is a SE (Societas Europaea), listed on the CAC40 Paris stock index.

The purpose of Atos is to help design the future of the information technology space. Its expertise and services support the development of knowledge, education as well as multicultural and pluralistic approaches to research that contribute to scientific and technological excellence. Across the world, the group enables its customers, employees and collaborators, and members of societies at large to live, work and develop sustainably and confidently in the information technology space.

Find out more about us

atos.net

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Let's start a discussion together



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