

IDEMIA UK Pension Plan

Statement of Investment Principles

Barnett Waddingham LLP

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1. Introduction

- 1.1. This is the Statement of Investment Principles prepared by the Trustee of the IDEMIA UK Pension Plan ('the Scheme'). It sets down the principles that govern the decisions about investments that enable the Scheme to meet the requirements of:
 - the Pensions Act 1995, as amended by the Pensions Act 2004; and
 - the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
 - the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.
- 1.2. In preparing this statement the Trustee consulted IDEMIA UK Limited ('the Employer'), and obtained advice from Barnett Waddingham LLP, the Trustee's investment consultant. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority.
- 1.3. This statement has been prepared with regard to the 2001 Myners review of institutional investment (including subsequent updates), and Scheme Funding legislation.
- 1.4. The Trustee will review this statement at least every three years or if there is a significant change in any of the areas covered by the statement.
- 1.5. The investment powers of the Trustee are set out in the Trust Deed and Rules dated 30 March 2000, as amended. This statement is consistent with those powers.

2. Choosing investments

- 2.1. The Trustee's policy is to set a target asset allocation expected to meet the Scheme's financial and non-financial objectives. In doing so, the Trustee considers the advice of its professional advisers. The Trustee considers Barnett Waddingham LLP to be suitably qualified and experienced for this role.
- 2.2. The day-to-day management of the Scheme's assets is delegated to one or more investment managers. The Scheme's investment managers are detailed in **Appendix 1**. The investment managers are authorised by either the Financial Conduct Authority and/or the Prudential Regulation Authority and are regulated by the Financial Conduct Authority. The investment managers are responsible for security selection and the exercise of any rights associated with the investments, e.g. voting rights.
- 2.3. The Trustee reviews the appropriateness of the Scheme's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the investment managers with respect to performance within any guidelines set. The Trustee will also consult the Employer before amending the investment strategy.

3. Investment objectives

- 3.1. The Trustee has agreed key investment objectives in light of an analysis of the Scheme's projected liability profile, an understanding of the relationship that exists between the value of investments and the actuarial value placed on the liabilities, as well as the constraints the Trustee faces in meeting its objectives.
- 3.2. The Trustee's main investment objectives are set out below:
 - To maintain a level of assets that, together with the support of the Employer, allows benefits to be met in full when they fall due.
 - To invest in a suitably liquid and diversified portfolio.
 - To target a level of return consistent with the Scheme's current objective of protecting the funding position as the feasibility of a buy-in is assessed. During this period, the *long-term* expected return might be lower than the discount rate agreed at the 2025 valuation.
 - To use the investment strategy to control volatility in the Scheme's funding position, taking account of the nature of the employer covenant and any practical constraints.
 - To adjust the investment strategy over time to improve the ability of the Scheme to meet members' benefits with greater certainty and, ultimately, to bring the Scheme into a position where its liabilities can be secured, in full, with an insurance company.

4. Kinds of investments to be held

- 4.1. The Scheme is permitted to invest in a wide range of assets including equities, bonds, cash, property and alternative asset classes, such as hedge funds, private equity and infrastructure. The Scheme is also permitted to invest in derivatives including swaps and gilt repurchase agreements.
- 4.2. The Trustee monitors the employer-related investment content of its portfolio as a whole and will take steps to alter this should it discover this to be more than 5% of the portfolio. Typically, this check is carried out annually by the Scheme's auditors.

5. The balance between different kinds of investments

- 5.1. The Scheme invests in assets that are expected, in combination, to achieve the Trustee's objectives. The allocation between different asset classes is given in **Appendix 1**.
- 5.2. The Trustee considers the merits of different styles of investment management for the various elements of the portfolio. The current investment management arrangements are set out in **Appendix 1**.
- 5.3. From time to time, the Scheme may hold cash as a working balance or for tactical reasons, and may deviate from its strategic asset allocation in order to accommodate short-term cashflow requirements or other unexpected events.
- 5.4. The Trustee may also hold insurance policies such as deferred or immediate annuities that provide income to the Scheme, matching part or all of the liabilities due from it.

- 5.5. The Trustee is aware that the appropriate balance between different kinds of investments will vary over time. The Scheme’s asset allocation is expected to change as the liability profile matures and/or as the Trustee’s funding objectives are achieved.

6. Risks

- 6.1. The Trustee has considered the following risks for the Scheme associated with its investment holdings and the nature of its liabilities, and considered ways of managing/monitoring these risks:

Risk relative to the valuation of the Scheme’s liabilities	The Trustee will monitor and review the investment strategy with respect to the characteristics of the Scheme’s liabilities at each actuarial valuation. Such characteristics include interest rate risk, inflation risk and longevity risk. The investment strategy will be set with consideration to the risks associated with these characteristics in the context of the Trustee’s agreed funding plan and allowing for the Trustee’s view of covenant risk.
Return volatility for assets that are not used to hedge changes in the value of the Scheme’s liabilities	The Trustee recognises that the returns from its holdings may be volatile and seeks to manage the risk of falls in the value of the portfolio (outside of assets used to hedge changes in the value of the liabilities), through the use of diversification and active management, as appropriate. Ultimately, the Trustee aims to avoid being unnecessarily exposed to market volatility, subject to the investment strategy’s expected return being consistent with the Trustee’s objectives and the associated level of risk being consistent with the Trustee’s view of covenant risk.
Covenant risk	In determining their investment objectives and strategy, the Trustee considers the ability and legal obligation of the Employer to support the Scheme (including allowance for additional support provided by the Employer’s wider group).
Manager performance risk	The Trustee monitors the performance of each of the Scheme’s investment managers on a regular basis in addition to having meetings with each manager from time to time. The Trustee has a written agreement with each investment manager, which sets out the parameters within which each investment manager may operate.
Environmental, Social and Governance (ESG) related risks, including climate risks	Each asset manager is expected to undertake good stewardship and positive engagement in relation to the underlying securities held. The Trustee monitors these and will report on the managers’ practices in their annual Implementation Statement.
Concentration risk	Each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities, as appropriate to the mandate.
Liquidity risk	The Scheme invests in asset classes to ensure there is a sufficient allocation to liquid investments that can be converted into cash at short notice given the Scheme’s cashflow and collateral management requirements. The Scheme’s administrators assess the level of cash held in order to limit the impact of the cashflow requirements on the investment strategy, while potential collateral requirements resulting from asset holdings are monitored by the Trustee on a regular basis.

Currency risk	The Scheme's liabilities are denominated in sterling. The Scheme may gain exposure to overseas currencies by investing in assets that are denominated in a foreign currency or via currency management.
Loss of assets	The risk of loss of assets by each investment managers and the appointed custodians are considered on appointment and reviewed periodically by the Trustee. This includes losses beyond those caused by market movements (e.g. default risk, operational errors or fraud). The Trustee undertakes periodic reviews of the internal controls and processes of each of the investment managers.
Buy-out pricing mismatch	The Scheme is aiming to be in a position to secure all member benefits with an insurer some time between 2025 and 2030. The Trustee acknowledges that the cost of this insurance is likely to be materially different to the value on the Technical Provisions basis. The asset allocation required to minimise volatility in the funding position on the buy-out basis will also likely be different to that required on the Technical Provisions basis. While the feasibility to secure member benefits with an insurer is assessed the strategy has been aligned more closely to a buy-out basis and will be reviewed again if the Scheme's circumstances change.

7. Expected return on investments

- 7.1. In setting its investment strategy, selecting asset classes and investment managers, the Trustee has regard to the investment return that each asset class is expected to provide alone and in combination. The Trustee is advised by its professional advisors on these matters, whom they deem to be appropriately qualified experts.
- 7.2. The Trustee will allow the Scheme's assets to target a lower return while the feasibility of the buy-in is being assessed.

8. Realisation of investments

- 8.1. The Trustee makes disinvestments from the investment managers with the assistance of its advisers and administrators, as necessary, to meet the Scheme's cashflow requirements.

9. ESG-related risks, view of members, the exercise of voting rights, engagement activities, manager incentivisation and conflicts of interest

- 9.1. The Trustee has set policies in relation to these matters. These are set out in **Appendix 2**.

10 Monitoring

- 10.1 The Trustee employs its investment consultant to assist it in monitoring the performance of the Scheme's investment strategy and investment managers.
- 10.2 The Trustee has access to an online monitoring tool providing it with live access to monitor asset performance, hedging levels and funding positions on the basis agreed at the 2025 valuation and relative to estimated buy-in pricing.
- 10.3 The Trustee and its advisers will monitor the investment managers' performance against their performance objectives.
- 10.4 The appropriateness of the investment managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.
- 10.5 The Trustee expects the investment managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions. The Trustee therefore does not set a specific portfolio turnover target for their strategies or the underlying funds. The investment managers provide information on portfolio turnover and associated costs to the Trustee so that this can be monitored, as appropriate.
- 10.6 The Trustee will consider on a regular basis whether or not the investment managers and similar providers, e.g. AVC provider, remain appropriate to continue to manage the Scheme's investments.

11 Agreement

- 11.1 This statement was agreed by the Trustee and replaces any previous statements.
- 11.2 Copies of this statement and any subsequent amendments will be made available to the Employer, the investment managers, the Scheme Actuary and the Scheme Auditor upon request and will be published online as required by regulations.

This Statement of Investment Principles was approved by the Trustee of the IDEMIA UK Pension Plan on 12 December 2025.

Appendix 1: IDEMIA UK Pension Plan – investment implementation policy

1. The target asset allocation

The Scheme’s target asset allocation is set out in the table below.

This has been agreed after considering the Scheme’s liability profile, funding position, risk and return requirements and the need for an appropriate level of diversification.

Asset class	Target asset allocation
Corporate bonds	20%±10%
Liability Driven Investment funds and cash	80%±10%
Total	100%

The Trustee has responsibility for maintaining the overall balance of the asset allocation relative to the target asset allocation. The Trustee monitors the asset allocation on a regular basis with the assistance of its advisers, and will consider switching assets between funds if the asset deviates outside the ranges quoted.

2. Target hedging ratios

The target hedging ratios against interest rate risk and inflation risk, set relative to the value of the proxy solvency basis liabilities of Sonia +0.9% pa, are as follows.

	Target hedging ratio
Interest rate risk	95%±5%
Inflation risk	95%±5%

The ranges of hedging ratios provide an indication of the deviation that the Trustee will allow in the hedging ratios around 95% before action needs to be considered. The Trustee will review these operational ranges from time to time, and as the Scheme’s funding position develops.

The Trustee notes there is a material risk the proxy liabilities and assets don’t move in line with the actual cost of a buy-in. In part this is due to how liabilities are discounted by different parties, as well as how insurers price based on supply and demand. For this reason, the level of hedging may move outside the ranges specified but advice will be sought if needed to ensure the assets remain invested in a suitable way.

The Trustee has considered this risk and is comfortable that the assets held should still remove the majority of the interest and inflation risk linked to the cost of a buy-in. Advice will be sought on matching insurer pricing more closely when appropriate.

3. Strategies used

The Trustee has appointed the following investment managers to carry out the day-to-day investment of the Scheme’s assets.

- Legal & General Investment Management ('L&G').
- M&G Investments ('M&G')

The investment managers and AVC provider are authorised by either the Financial Conduct Authority or the Prudential Regulation Authority and regulated by the Financial Conduct Authority.

The investment benchmarks and objectives for each investment manager are given below:

Asset class	Fund	Objective
Liability Driven Investment funds	L&G Matching Core Funds	To produce returns consistent with defined sensitivities to real and nominal interest rates
Corporate bonds	M&G PP Long Dated Sterling Credit Fund	to provide a total return (capital growth plus income) of the Markit iBoxx Sterling Non-Gilts 15+ Index plus 0.80% (gross of fees per annum), over any three-year period while applying ESG Criteria
Liquidity/cash	L&G Sterling Liquidity Fund	Offer access to liquidity, provide capital stability and a competitive return in relation to SONIA.

4. Investment of Additional Voluntary Contributions

The Trustee invests members' Additional Voluntary Contributions ('AVCs') through contracts with Legal & General Assurance Limited.

5. Investment management charges

The fees paid by the Scheme are recorded in the contracts agreed between the Trustee and the investment managers.

6. Remuneration of investment consultant

The Trustee has appointed Barnett Waddingham LLP to advise on investment matters. Barnett Waddingham are remunerated on a mixture of pre-agreed fixed fees and time-cost rates.

Appendix 2: ESG-related risks, view of members, the exercise of voting rights, engagement activities, manager incentivisation and conflicts of interest

1. ESG-related risks (including climate change)

The Trustee recognises that Environmental, Social and Governance ('ESG') issues can and may have a material impact on the companies, governments and other organisations that issue or otherwise support the assets in which the Scheme invests. In turn, ESG issues can be expected to have a material financial impact on the returns provided by those assets.

The Trustee delegates responsibility for day-to-day decisions on the selection of investments to the Investment Managers. The Trustee has an expectation that the investment managers will consider ESG issues in selecting securities and other investments, or will otherwise engage with the issuers of the Scheme's underlying holdings on such matters in a way that is expected to improve the long-term return on the associated assets.

In choosing investment managers, the Trustee and its advisers take the following factors into account in the selection, retention and realisation of investments:

Selection of investments: assessment of the investment managers' ESG integration credentials and capabilities, including stewardship.

Retention of investments: developing a process to monitor ESG considerations on an ongoing basis by regularly seeking information on the responsible investing policies and practices of the investment managers.

Realisation of investments: requesting information from investment managers about how ESG considerations are taken into account in decisions to realise investments.

The Trustee also takes these factors into account as part of its investment process to determine a strategic asset allocation, and considers them as part of ongoing reviews of the Scheme's investments.

The Trustee does not currently impose any specific restrictions on the investment managers with regard to ESG issues, but will review this position from time to time. The Trustee receives information from the investment managers on their approach to selecting investments and engaging with issuers with reference to ESG issues.

With regard to the specific risk to the performance of the Scheme's investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues. The Trustee will continue to monitor market developments in this area in conjunction with their investment adviser.

2. Views of Member and Beneficiaries

The Scheme has a diverse membership, expected to hold a broad range of views on ethical, political, social, environmental, and quality of life issues (referred to as 'non-financial matters' in the relevant regulations). The Trustee therefore does not explicitly seek to reflect any specific views through the implementation of the investment strategy.

3. Stewardship

Following discussions in July 2023, the Trustee decided not to set its own Stewardship Priorities. This decision is due to:

- the limiting nature of investing exclusively using pooled funds;
- the small proportion of Scheme assets invested in equities; and
- the potential for the Scheme to be bought out with an insurer in the short-to-medium term.

The Trustee is comfortable with the current stewardship themes of its existing managers, L&G and M&G. The Trustee will continue to monitor how their investment managers apply their own stewardship themes through the annual implementation statement.

4. The exercise of voting rights

Responsibility for engagement with the issuers of the Scheme's underlying investment holdings and the use of voting rights is delegated to the investment managers. The Trustee can therefore only influence engagement and voting policy indirectly.

The Trustee expects that the investment managers will use their influence as institutional investors to exercise the Trustee's rights and duties as shareholders, including where appropriate engaging with underlying investee companies to promote good corporate governance, accountability and to understand how those companies take account of ESG issues in their businesses.

The investment managers provide regular information to the Trustee on their actions in relation to engagement and use of voting rights. The Trustee is therefore aware of the policies adopted by the investment managers.

5. Engagement activities

Responsibility for monitoring the makeup and development of the capital structure of investee companies is delegated to the investment managers. The Trustee expects the extent to which the investment managers monitor capital structure to be appropriate to the nature of the mandate.

The Trustee also considers it to be part of their investment managers' roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the managers invest on behalf of the Scheme.

Should an investment manager be failing in these respects, this should be captured in the Scheme's regular monitoring of the investment managers and the Trustee would seek to engage with them to improve the position.

6. Incentivisation arrangements with investment managers

The investment managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund. The Trustee does not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustee's policies and objectives. Instead, the Investment Managers and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustee's objectives.

Neither does the Trustee directly incentivise the investment managers to make decisions about the medium-to-long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme

7. Conflicts of interest

The Trustee maintains a separate conflicts of interest policy and register. Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the investment managers, while also setting out a process for their management.

The Scheme's investment managers are granted full discretion over whether or not to invest in the Employer's business. Through their consultation with the Employer when setting this Statement of Investment Principles, the Trustee made the Employer aware of its policy on ESG and climate related risks, and how the Trustee intends to manage those risks.

The Scheme's investment consultant is independent and no arm of their business provides asset management services. This, and their FCA-regulated status, makes the Trustee confident that the investment manager recommendations they make are free from conflict of interest.

The Trustee expects all investment managers to have a conflict of interest policy in relation to their engagement and ongoing operations.

The Trustee therefore believes it has managed the potential for conflicts of interest in the appointment of the investment managers and conflicts of interest between the Trustee, investment manager and the investee companies.