



John Graham (Dromore) Ltd Pension & Life Assurance Scheme

August 2025

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Statement of Investment Principles ("SIP")

The Trustees of the John Graham (Dromore) Ltd Pension & Life Assurance Scheme (the "Trustees" and "Scheme" respectively) updated the SIP in response to the DWP regulation to cover:

- policies for managing financially material considerations including ESG factors and climate change
- policies on the stewardship of the investments

The SIP can be found online at this web address:

[John-Graham-2024-SIP-signed-July-24.pdf](#)

Changes to the SIP are detailed on page 5 of the Implementation Report

Implementation Report

This implementation report is to provide evidence that John Graham (Dromore) Ltd Pension & Life Assurance Scheme continues to follow and act on the principles outlined in the SIP.

The Implementation Report details:

- actions John Graham (Dromore) Ltd Pension & Life Assurance Scheme has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with managers on managing ESG risks
- the extent to which John Graham (Dromore) Ltd Pension & Life Assurance Scheme has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate.

Summary of key actions undertaken over the Scheme reporting year

As noted in the prior year's Implementation Statement, the Scheme has entered into an insurance contract with Legal and General Assurance Society via a buy-in policy, as agreed on 5th March 2024. As such, the only significant investment action taken over the year was to update the Scheme's Statement of Investment Principles.

Implementation Statement

This report demonstrates that John Graham (Dromore) Ltd Pension & Life Assurance Scheme has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

The Trustees of the John Graham (Dromore) Ltd Pension & Life Assurance Scheme

August 2025

Managing risks and policy actions DB

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Scheme assets and present value of liabilities from changes in interest rates and inflation expectations.	Mitigated by insuring member benefits via a buy-in policy.	
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	Mitigated by insuring member benefits via a buy-in policy.	The Trustees have fully insured the Scheme's liabilities via a buy-in policy
Market	Experiencing losses due to factors that affect the overall performance of the financial markets.	Mitigated by insuring member benefits via a buy-in policy.	
Credit	Default on payments due as part of a financial security contract.	Mitigated by insuring member benefits via a buy-in policy with an insurer that has a strong financial position.	
Investment	The risk that the Scheme's position deteriorates due to the assets underperforming.	Selecting an investment objective that is achievable and is consistent with the Scheme's funding basis and the sponsoring company's covenant strength.	Considered when deciding which insurer to use to transact the buy-in policy.
Currency	The potential for adverse currency movements to have an impact on the Scheme's investments.	Mitigated by insuring member benefits via a buy-in policy.	

Funding	The extent to which there are insufficient Scheme assets available to cover ongoing and future liability cash flows.	Funding risk is considered as part of the investment strategy review and the actuarial valuation. The Trustees have fully insured the Scheme's liabilities via a buy-in policy.	The Trustees have fully insured the Scheme's liabilities via a buy-in policy.
Covenant	The risk that the sponsoring company becomes unable to continue providing the required financial support to the Scheme.	The nature of the buy-in policy now largely mitigates against the impact of a change in the Sponsor covenant. Reliance on the Sponsor covenant will only be removed entirely when the Scheme transitions to buy-out.	
Non-financial	Any factor that is not expected to have a financial impact on the Scheme's investments	No longer applicable given the liabilities are insured via a buy-in policy.	

Changes to the SIP

Over the year to 31 March 2024, the Section entered a buy-in policy with the Insurance Provider, Legal and General Assurance Society Limited ("LGAS"). This policy is designed to meet all members benefit payments as they fall due. The buy-in policy was agreed 5 March 2024 with majority of the Scheme's assets at the time novated from Legal and General Investment Management Ltd ("LGIM") on 8 March 2024. As such, the majority of changes to the SIP were to reflect this insurance policy, in particular within the investment strategy section.

Overall, the Trustees have evaluated the risks of a buy-in policy such as strength of insurer covenant, Scheme ability to cover liabilities, and assets' value fluctuations. Ultimately deciding a buy-in policy is the best way to mitigate Scheme risk and ensure best outcomes for members.

As a result, the Trustees have updated and added the risks and policies listed above, alongside details of any mitigations, were added to a risk management framework.

Policies added to the SIP

Date updated: July 2024

Implementation Policy

The Scheme's assets are invested with an insurer, Legal And General Assurance Society Limited, via a buy-in policy.

The Trustees have delegated all day-to-day decisions about the operations that fall within the mandate to the insurer through a written contract. When choosing investments, the Trustees and the insurer (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The insurer's duties include voting and corporate governance in relation to the assets.

Governance Policy

The Trustees of the Scheme make all major strategic decisions including, but not limited to, the Scheme's asset allocation and the appointment and termination of investment managers.

When making such decisions, and when appropriate, the Trustees take proper written advice.

The Trustees expect the insurer to manage the assets delegated to them under the terms of their contract and to give effect to the principles in this Statement so far as is reasonably practicable. The insurer's remuneration was reflected in the premium paid to them as part of the take on of

assets when the buy-in policy was established.

**Stewardship = Voting and
Engagement Policy**

The Trustees have acknowledged importance of engagement and expects that insurer will uphold relevant policy and exercise Trustees' voting rights when appropriate.

Current ESG policy and approach

Environmental, Social and Governance (“ESG”) considerations: The Trustees considers investment risk to include ESG factors and climate change. These risks could negatively impact the Scheme’s investments.

As part of the investment management of the Scheme’s assets, the Trustees expects the insurer to:

- Where relevant, assess the integration of ESG factors in the investment process;
- Use its influence to engage to ensure the Scheme’s assets are not exposed to undue risk

