

TfL

# PENSIONFUND

Providing for your tomorrow



**Annual Report & Accounts** for the year to 31 March 2022

## Notice for the visually impaired

Copies of this document in large type and in a text only format are available from the Fund Office. Please write to TfL Pension Fund, 4th Floor, 200 Buckingham Palace Road, London SW1W 9TJ, or call 020 7126 4000 for your copy.

**MAYOR OF LONDON**

Transport for London



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# TfL Pension Fund

## Report and Accounts for the year to 31 March 2022

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#### Administration Office:

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Telephone (020) 7126 4000

Email: - [helpdesk@tflpensions.co.uk](mailto:helpdesk@tflpensions.co.uk)

Requests for a copy of the Trust Deed and Rules of the Fund and enquiries about the Fund generally, or about an individual's entitlement to benefit, should be addressed to the TfL Pension Fund Office at the above address. The Report and Accounts and Trust Deed and Rules may be viewed on the TfL Pension Fund's Website, [www.tfl.gov.uk/pensions](http://www.tfl.gov.uk/pensions)

**Pension Schemes Registry scheme reference number:** 10165351

## TfL Pension Fund

### Organisation and Advisers as at 31 March 2022

#### Trustee

TfL Trustee Company Limited

#### Board of Directors of TfL Trustee Company Limited

(Nominating bodies are shown in brackets)

Ms M Antoniou (Chair)	External Appointment (TfL)
Ms M Adesida	Head of Bakerloo & Victoria Lines Customer Service (TfL)
Ms T Ashton	Director of Rail and Sponsored Services (TfL)
Mr FE Brennan	District Organiser, ASLEF (ASLEF)
Mr LP Brown	Service Performance Manager, Transport for London (Unite the Union (T&GWU))
Mr T Cunnington	Head of Buses Business Development (TfL)
Mr SW Ellaby	Assistant SHE Manager, SHE Assurance and Improvement, Transport for London (TSSA)
Mr MA Evers	Chief Customer Officer, Transport for London (TfL)
Ms S Folarin	Internal Auditor, Risk & Assurance, Transport for London (PCC)
Mr S Hedley	Senior Assistant General Secretary, RMT (RMT)
Ms A Hopkins	Head of Business Strategy, London Underground Limited (TfL)
Mr P Kilius-Smith	Pensioner (PCC)
Ms L Matson	Chief Safety, Health & Environment Officer, Transport for London (TfL)
Mr CA Miller	Pensioner (PCC)
Mr PJ Murphy	Train Instructor, Northfields, London Underground Limited (PCC)
Ms R O'Donnell	Senior Treasury Accounting Manager, Transport for London (TfL)
Mr N Pickup	Head of Commercial Property, Transport for London (TfL)
Mr JB Timbrell	Senior Manufacturing Engineer, London Underground Limited (Unite the Union (Amicus))

## TfL Pension Fund

### Organisation and Advisers as at 31 March 2022 (continued)

**Principal Employer**  
Transport for London

**Participating Employers**  
Transport for London

Docklands Light Railway Limited  
London Bus Services Limited  
London Buses Limited  
London River Services Limited  
London Transport Museum Limited  
London Underground Limited  
Rail for London (Infrastructure) Limited  
Transport Trading Limited  
Tube Lines Limited  
Victoria Coach Station Limited

Cubic Transportation Systems Limited  
Thales Transport and Security Limited

**Secretary to the Trustee**  
Mr S Field

**Auditor**  
RSM UK Audit LLP

**Fund Actuary**  
Mr G Oxtoby, WTW

#### **Investment Managers**

Anchorage Capital Group LLC  
Ardevora Asset Management LLP  
BlackRock Investment Management (UK) Limited  
Blue Mountain Capital Partners LLC  
Brevan Howard Asset Management, LLP  
Bridgewater Associates, Inc.  
Cambridge Associates LLC  
CBRE Global Collective Investors UK Limited  
Colonial First State Global Asset Management  
Coronation International Limited  
Credit Suisse AG  
Equilibrium Capital Group LLC  
Goldman Sachs Asset Management  
Harrison Street Real Estate Capital LLC  
IFC Asset Management Company, LLC  
Industry Funds Management Pty Limited  
J O Hambro Capital Management Limited  
JP Morgan Asset Management  
Man Asset Management Ltd  
Neuberger Berman Alternatives Advisers LLC  
Nomura Asset Management UK Limited  
Oak Hill Advisors, LP  
Paradice Investment Management Pty Limited  
Partners Group (UK) Limited  
Pzena Investment Management, LLC  
Russell Implementation Services Limited  
Semperian PPP Investment Partners Holdings Limited  
SCM ManCo 1 Limited  
Siguler Guff & Company, LP  
Stonepeak Associates III LLC  
Veritas Asset Management LLP  
Wellington Management Company, LLP

**Legal Advisers**  
Sacker & Partners LLP

**Communications Advisers**  
Hughes Communications

**Independent Medical Adviser**  
Dr S Sheard

**Fund Employer Covenant Reviewer**  
Penfida Limited

**Bankers**  
The Royal Bank of Scotland plc

**Investment Adviser**  
WTW

**Custodian & Investment Performance Monitoring**  
JP Morgan Investor Services

**AVC Providers**  
Clerical Medical  
Legal & General  
Standard Life

**Transition Investment Manager**  
Citigroup Global Markets Limited

#### **Date of Appointment**

3 July 2017  
29 June 2015  
1 September 2014  
1 August 2017  
18 February 2013  
2 November 2005  
28 January 2022  
11 September 2013  
15 December 2009  
24 July 2013  
9 December 2015  
3 December 2020  
15 June 2005  
12 December 2019  
15 March 2013  
24 May 2013  
5 January 2010  
15 January 2018  
26 April 2018  
24 October 2014  
1 September 2004  
1 August 2012  
24 June 2014  
4 June 2010  
24 June 2013  
8 December 2011  
18 February 2008  
21 June 2018  
10 December 2009  
26 April 2018  
7 July 2015  
5 November 2012

## TfL Pension Fund Chair's Introduction

I am pleased to present my review as Chair for the year ended 31 March 2022. A key achievement this year has been the completion of the triennial valuation well in advance of the 30 June 2022 deadline. This has taken place against a background of continued regulatory scrutiny for large pension arrangements such as ours and of increased financial challenges for TfL as the principal sponsoring employer following the impact on revenue as a result of the pandemic.

As the Fund is sectionalised, there were two valuations required to be undertaken. For the Public Sector Section which contains TfL and its subsidiary employing companies, assets at 31 March 2021 were £13,085m. This represents an increase of 27% since the last valuation. Liabilities were £12,906m which represents an increase of 18% since the last valuation. As a result the Public Sector Section showed a surplus of £179m at the valuation date. For the much smaller Composite Section which contains the non-TfL participating employers, the assets of £16.5m as at 31 March 2021 exceeded liabilities by £5.4m.

For TfL the principal employer, the pandemic has had a major impact with a dramatic fall in ridership and fares revenues, the consequential impact on finances has been an area of considerable focus for the Trustee Directors who have continually monitored the strength of employer covenant over this period. There was significant engagement with the principal employer in reaching agreement of the assumptions to be used for the valuation, in particular around covenant strength and the impact of the pandemic on long term mortality assumptions.

As a condition of the Government's funding agreements, TfL was asked to carry out an independent review of their pension arrangements. The review has been facilitated by Sir Brendan Barber with the support of pensions expert Joanne Segars OBE and the final report was sent to the Government on 28 March 2022. The Trustee with the help of their advisers have responded to the Call For Evidence after reviewing all the reports issued and have met with Sir Brendan Barber and Joanne Segars twice.

With a membership of over 84,000, the day to day administration of the Fund is a significant undertaking. The Pandemic has led to a significant increase in workload, over 82,000 tasks were completed by the Fund Office during the year and they managed to achieve service level agreement targets of 99.2% for the year.

Over the year, assets have increased by £1,338.5m to £14,440.4m as at 31 March 2022, while liabilities are also estimated to have increased. The importance of employer support and the Trustee's attention on both the Fund's asset and liability components remain crucial in seeking to ensure the security of member benefits and the Fund's independent covenant reviewer has continued to monitor developments with respect to TfL, as the Principal Employer. As part of the 2018 valuation the Trustee and TfL signed a Pensions Funding Agreement which provides additional security through an annual review of any excess of liabilities over assets. The Pensions Funding Agreement has been updated to reflect the fact the Fund is in surplus as at the 2021 valuation date, but all other aspects of the agreement remain unchanged.

Both the Alternatives and Liability Hedging Committee and the Investment Committee, working with our investment advisers, WTW and the Fund Office continue to actively manage the Fund's investments in order to optimise the risk/return profile through identifying new opportunities and in responding promptly to developments. Cambridge Associates LLC was the only new manager appointed during the year.

This year's investment performance was 10.6%, 3.8% above the benchmark return of 6.8%, while over the longer period of three years the return was 9.6% per year, above the benchmark by 0.5%. Over five years returns were 7.6% per year, 0.1% above the benchmark. More information is contained in the Investment Report starting on page 15.

Environmental, Social and Governance ("ESG") matters have been a key area of focus with it being a matter many of our members are passionate about; the Trustee published their fourth Sustainability Report in December 2021. In October 2021 the Trustee announced their ambitious Net Zero Plan which would see the Fund achieve a 55% reduction in its carbon emissions by 2030 at the latest with a 100% reduction no later than 2045 vs the 2016 baseline. This net zero carbon strategy is without doubt the single most important development in the Fund's sustainability agenda to date. The introduction of the Net Zero Plan builds directly on existing actions and plays an important role in driving the long-term value of the Fund's investment portfolio. The plan is comprehensive and industry leading encompassing all of the Fund's assets.

The Trustee held their trustee priorities and strategy workshop in January this year. The workshop was divided into 3 sessions: the TfL Pensions Review, the Fund's ESG credentials and future approach for trustee training. With the landscape of pensions becomes more complex, the Trustee plans to arrange another workshop later in the year.

The diligent work carried out by the other Committees (Actuarial Valuation, Audit & Risk, Operations and Appeals) and the Trustee Board itself in carrying out their respective responsibilities has also contributed greatly to supporting good governance in all the Fund's activities.

## TfL Pension Fund Chair's Introduction (continued)

During the year we welcomed Mercillina Adesida and Tom Cunnington to the Trustee Board and at the year end the Board was at full strength. Alongside the Trustee Directors' continued attendance at regular training sessions throughout the year, there has been focus on effectiveness, the conduct of meetings and setting of priorities.

Finally, on your behalf, I would like to record my thanks to all involved with the continued operations and development of the Fund: the Trustee Directors, Fund Actuary, Investment and Legal Advisers, Investment Managers, Custodian, and not least the Fund Office and Fund Secretary for their support.

Maria Antoniou  
Chair

8 July 2022

# TfL Pension Fund Trustee's Report

The Directors of TfL Trustee Company Limited, the Trustee of TfL Pension Fund, have the pleasure of submitting their Annual Report on the operations of the Fund, together with the Accounts of the Fund for the year ended 31 March 2022.

## 1. Management of the Fund

### (a) The Trustee

The Trustee is required to act in accordance with the Trust Deed and Rules of the Fund, within the framework of pension and trust law. It is responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All Trustee Directors are expected to complete the Pensions Regulator Trustee Toolkit within 6 months of appointment.

### (b) Board of Directors

The Board of the Trustee is made up of 18 Directors as set out on page 2. Full details of how Directors are nominated are also shown on page 9.

Directors serve for such period as their nominating body determines, or until that body withdraws their nomination or additionally, in the case of a nominee from the TfL Pension Consultative Council (PCC), they cease to be a member of the PCC.

The following changes to Directors occurred during and after the year to 31 March 2022:

Retiring Director	Date of Retirement	New Appointment	Date of Appointment	Nominating Body
Mr M Hurwitz	7 May 2021	Ms M Adesida	11 June 2021	TfL
Mr M Binnington	5 July 2021	Mr T Cunnington	9 July 2021	TfL
Mr S Hedley	29 April 2022	Mr J Leach	9 June 2022	RMT

The table below shows the number of scheduled Trustee Board and Committee meetings attended by each Director listed below, in the year to 31 March 2022, against the total number that they were eligible to attend.

TfL Nominated Directors	No. of meetings	No. of attendances	Non-TfL Nominated Directors	No. of meetings	No. of attendances
Ms M Adesida *	14	11	Mr FE Brennan *	17	16
Ms M Antoniou *	17	17	Mr LP Brown *	23	23
Ms T Ashton *	18	15	Mr SW Ellaby *	19	19
Mr T Cunnington *	13	11	Ms S Folarin	14	13
Mr MA Evers *	21	19	Mr S Hedley *	12	11
Ms A Hopkins *	17	14	Mr P Kilius-Smith *	17	17
Ms L Matson *	17	13	Mr CA Miller *	16	16
Ms R O'Donnell *	16	16	Mr PJ Murphy *	27	27
Mr N Pickup *	21	18	Mr JB Timbrell *	22	22

The average attendance for the Directors listed above at scheduled Trustee Board and Committee meetings was 87% TfL nominated and 98% non-TfL nominated respectively.

\* Trustee Directors who have provided a certificate of completion of the Pensions Regulator Trustee Toolkit.



# TfL Pension Fund Trustee's Report (continued)

## 2. Committees of the Board of Directors

Whilst the Board of the Trustee decides all policy matters, it has recognised that committees are necessary in carrying out its functions in respect of the TfL Pension Fund efficiently and that the exercise of all delegated authority, when not directly supervised by the Board, shall be supervised by a committee.

For this purpose the Board has set up six committees which comprise either four, six or eight Directors of the Trustee, half of whom are TfL nominated Directors and half of whom are non TfL nominated Directors. Membership of each committee as at the date the accounts were signed is shown below.

Committee	TfL Nominated	Non-TfL Nominated
Investment	Mr MA Evers Ms L Matson Ms R O'Donnell Mr N Pickup	Mr LP Brown Mr P Kilius-Smith Mr PJ Murphy Mr JB Timbrell
Alternatives and Liability Hedging	Mr MA Evers Mr N Pickup	Mr PJ Murphy Mr JB Timbrell
Operations	Ms M Adesida Ms T Ashton Mr T Cunningham Ms A Hopkins	Mr FE Brennan Mr LP Brown Ms S Folarin Mr PJ Murphy
Audit and Risk	Mr T Cunningham Ms A Hopkins Ms R O'Donnell	Mr FE Brennan Mr LP Brown Mr J Leach
Appeals	Ms M Adesida Ms T Ashton Mr L Matson	Mr SW Ellaby Ms S Folarin Mr P Kilius-Smith
Actuarial Valuation	Ms M Antoniou Ms R O'Donnell	Mr SW Ellaby Mr CA Miller

## 3. Committee Remits

### Investment Committee

Covers investment matters concerning equities and bonds, including strategy and the appointment and monitoring of Investment Managers, Investment Adviser and the Custodian.

### Alternatives and Liability Hedging Committee

Covers investment matters concerning alternative assets and liability hedging, including strategy, the appointment and monitoring of Investment Managers and monitoring the overall benchmark for the Fund's portfolio.

### Operations Committee

Monitoring the Service Provider's (Transport for London) performance under the Administration Agreement and Fund Rules; monitoring quarterly cash flow, income/expenditure and capital expenditure budgets; instructing the Fund Secretary to prepare the brief to professional advisers to the Fund and to monitor their performance and devising the Fund's communications strategy.

# TfL Pension Fund Trustee's Report (continued)

## **Audit and Risk Committee**

To ensure that the rules relating to finance and corporate governance matters are properly applied; the Fund's financial affairs are properly conducted in accordance with best practice and the Fund's accounting policies; to ensure that there are processes in place for the Fund and the Trustee to comply with the Trust Deed and Fund Rules, Articles of Association, legislation and regulation, corporate governance and all relevant internal procedures and policies. Overall responsibility for risk management by receiving, reviewing and where appropriate testing risk mitigations documented in the Funds' Risk Register.

## **Appeals Committee**

To hear appeals as the second stage adjudicator under the Internal Disputes Resolution Procedure.

## **Actuarial Valuation Committee**

To liaise with the Actuary and negotiate with the Principal Employer on matters relating to scheme specific funding and actuarial factors for benefit calculations.

## **4. Governance**

### **Introduction**

The Fund was established with effect from 1 April 1989 to provide retirement and death benefits for all eligible employees of Transport for London, its subsidiaries and associated companies, in accordance with the Rules of the Fund and Definitive Trust Deeds.

Up to 5 April 2006 the Fund was approved by HM Revenue and Customs as an exempt approved scheme under the provisions of Chapter I Part XIV of the Income and Corporation Taxes Act 1988. From 6 April 2006 the Fund automatically became a "registered pension scheme" for tax purposes under the Finance Act 2004.

### **Change to Participating Employers**

There were no changes to the participating employers in the year.

### **Changes to the Trust Deed and Rules of the Fund**

There were no changes to the Trust Deed and Rules in the year.

### **Management of the Fund**

#### **(a) Trustee's responsibility for preparing accounts**

Under the Rules of the Fund and the Pensions Act 1995, the Trustee is required to prepare accounts for each Fund year which show a true and fair view of the financial transactions during the Fund year and of the disposition, at the end of the Fund year, of the assets and liabilities. Assets do not include insurance policies which are specifically allocated to the provision of benefits for, and which provide all the benefits payable under the Fund to, particular members. Liabilities do not include liabilities to pay pensions and benefits after the end of the year.

#### **(b) Statement of Trustee's responsibilities for the accounts**

The accounts, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those accounts:

- show a true and fair view of the financial transactions of the fund during the scheme year and of the amount and disposition at the end of the fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the fund year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

## TfL Pension Fund Trustee's Report (continued)

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparation of the accounts on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is responsible for the maintenance and integrity of the pension and financial information included on the TfL Pension Fund website.

### (c) Board of Directors

The Directors of the Trustee are nominated as follows:

- Nine persons by TfL of whom at least five must be members of the Fund.
- One person each by: - Transport and General Workers' Union; the National Union of Rail, Maritime and Transport Workers; the Associated Society of Locomotive Engineers & Firemen; the London Transport Joint Trades Committee; the Transport Salaried Staffs' Association (or any successor body).
- Two persons by and from Section One of the TfL Pension Consultative Council.
- One person by and from each of Sections Two and Three of the TfL Pension Consultative Council.

Members of the TfL Pension Consultative Council are Fund Members elected by their fellow members. Section One members are pensioners or deferred pensioners. Sections Two and Three are contributing members of the Fund.

The Directors of the Trustee are committed to high standards of governance for all aspects of the Fund's operations. Although the Trustee is not governed by the Combined Code, which applies to UK fully listed companies, the Directors of the Trustee believe that the internal control aspects of the Code help demonstrate good governance and therefore the Trustee has followed the principles of the Code in relation to internal controls.

The Pensions Act 2004 established the Pensions Regulator and amongst its objectives is the promotion of good administration of work-based pension schemes. This has included the publication of codes of practice and accompanying guidance to support trustees in their responsibilities, in particular those covering trustee knowledge and understanding and internal controls. The Trustee has taken steps to follow the Pensions Regulator's guidance as it has developed.

The Directors of the Trustee acknowledge their responsibility for the Fund's system of internal controls and for reviewing its effectiveness. The internal controls are designed to manage risk and control the Fund's business and financial activities in a manner that enables it to:

- Avoid or reduce risks that can cause loss of the Fund's assets or reputational damage,
- Ensure compliance with applicable laws and regulations; and
- Enhance resilience to external events.

To achieve this the Trustee has developed a Governance Framework that includes an annual risk review carried out by the Chairs of Committees, which identifies the key risks facing the Fund and the controls in place to manage these risks. These risks and controls are set out in a Risk Register which is considered by the Audit and Risk Committee and the Board who, together with the relevant committees, regularly review the effectiveness of the internal controls contained therein. The planned work and audit findings of Internal and External Audit are considered by the Audit and Risk Committee throughout the year and reported to the Board annually. It should be recognised, however, that such a process can only provide reasonable, not absolute, assurance against material misstatements or loss.

# TfL Pension Fund

## Trustee's Report (continued)

The Trustee has established a management structure that clearly defines roles, responsibilities and reporting lines. Delegated authorities are clearly documented and reviewed regularly.

The performance of the Fund's operations and of the Trustee's Investment Managers is reported regularly to the Fund Secretary and the relevant Committees and, where appropriate, the Trustee Board itself. Performance trends and forecasts, as well as actual performance against budgets, are closely monitored. Financial information is prepared using appropriate accounting policies that are applied consistently. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions, communications to members and the safeguarding of the Fund's assets.

### Governance Plan

Following the Risk Review, the Trustee has established a rolling Governance Plan which is updated annually to use in operating and managing the Fund, covering three main areas:

(i) Mission and Goals

Setting out the main goals of the Trustee and the main resources available and the Trustee's key success criteria and performance measures.

(ii) Review and Monitoring Goals, Risks and Performance

Setting up main areas which the Trustee will review and measure in order to evaluate various aspects of the Fund arrangements.

(iii) Specific Actions and Year Plan

Identifying specific actions with a target date for the completion of each action.

### COVID-19

The Fund assets have recovered to the pre pandemic level from the disruption that Covid-19 caused to economic activity, which reflected on the fluctuations in global stock markets and, in turn, in the valuation of scheme assets. The Trustee has designed and implemented the Fund's investment strategy taking a long-term view and has built in resilience to withstand short term fluctuations. The Trustee is working with their advisers and the employer to ensure the continued smooth running of the Fund and its investments. The Trustee is also monitoring the effect on the sponsoring employer to ensure continued support for the Fund.

### Strength of Employer Covenant

The Trustee monitors the credit rating of the Participating Employers, by taking advice from their professional advisers and by having good communication and exchange of information. As it has done for previous valuations, as part of the 2021 actuarial valuation, the Trustee commissioned an independent review of the employer covenant of Transport for London (TfL) and of the private sector Participating Employers by Penfida, the Fund's independent covenant reviewer. The Trustee also actively monitors the strength of the employer covenant via updates and analysis provided by Penfida.

The latest Government support package for TfL was agreed in February 2022 covering the period from 26 February 2022 to 24 June 2022 and subsequently extended to 13 July 2022. Under this agreement, TfL received an extraordinary grant of £200m and benefited from a continuation of the revenue top-up mechanism, providing certainty of £1.818bn of passenger revenue over the period. This deal enabled TfL to maintain core transport services and support economic recovery, and the Government has explicitly committed to continuing to work with TfL on reaching a longer-term financial settlement beyond July 2022 and has confirmed its ongoing commitment to funding.

Reports or updates were produced by Penfida following each of the funding deals reached between TfL and the Department for Transport and this is expected to be the case on future funding deals beyond the existing settlement to 13 July 2022.

### Quarterly Investment Updates

The Trustee continually monitors the financial strength of the Fund by receiving quarterly updates from the Fund Actuary and Investment Adviser and has in place an Integrated Risk Management framework which includes strategic dashboard monitoring which is reviewed quarterly.

# TfL Pension Fund Trustee's Report (continued)

## Pension Regulator Supervision

The Pension Regulator has introduced dedicated one-to-one supervision for the biggest pension schemes and the Fund has been included as part of this initiative. This involves maintaining ongoing contact with the Trustee and TfL as the Principal Employer. The Pension Regulator is seeking to build relationships with schemes whose size means they are strategically important regardless of whether they trigger any of the Regulator's risk indicators.

## 5. Financial review

The Accounts of the Fund for the year to 31 March 2022, as set out on pages 36 to 51, have been prepared and audited in accordance with Section 41(1) and (6) of the Pensions Act 1995.

The net assets of the Fund, that is the investment assets including the AVC scheme, the fixed assets held for own use, and the net current assets, amounted to £14,440.4m on 31 March 2022. The increase of £1,338.5m, compared with the value on 31 March 2021 of £13,101.9m, was made up as follows:

	Movement in the year	
	2022 £m	2021 £m
Net returns on investments	1,346.0	2,472.3
Net (costs) / additions from dealings with members	(7.5)	47.8
	<u>1,338.5</u>	<u>2,520.1</u>

Net returns on investments comprised changes in the market value of investments of £1,253.8m (2021: £2,376.7m) and investment income of £119.7m (2021: £117.2m) which were partly offset by investment management expenses of £27.5m (2021: £21.6m). The change in market value of investments for 2022 was made up of realised investment gains of £868.8m and unrealised investment gains of £385.0m (2021: realised gains of £753.9m and unrealised gains of £1,622.8m).

The decrease from last year in the amount from dealings with members of £55.2m was mainly due to a lower contributions receivable of £26.7m, an increase in benefits payable of £28.0m and an increase in pension levies of £0.5m. Under the Rules of the Fund the administrative costs of the Fund are borne by the Fund itself.

Further details of the financial movements of the Fund can be found in the audited accounts on pages 36 to 51.

Details of the participating employers' unit holdings and asset values are set out in the unaudited statement on page 58. Unitisation is subject to a separate audit, following the audit of the main report and accounts.

## 6. Actuarial valuations and actuarial reports

Fund Rule 43, together with recent legislation, requires the Fund Actuary to carry out a formal actuarial valuation of each section of the Fund at least every three years. The valuations reveal the extent to which the sections' existing assets are sufficient to meet their liabilities for benefits that have been earned for service up to the valuation date. They also establish the levels of contributions required in future to provide an appropriate level of funding when account is taken of benefits to be earned in the future.

A formal valuation was carried out by the Fund Actuary as at 31 March 2021 of each of the two sections of the Fund. The valuation for the Public Sector Section was completed on 31 March 2022 and the valuation for the Composite Section was completed on 28 April 2022. As required by legislation and the Fund's governing documents, the assumptions that the Actuary needed to make regarding such matters as future investment returns and members' longevity were agreed between the Trustee and TfL and are recorded in formal documents called Statements of Funding Principles. The process of agreeing assumptions was carried out separately for each section.

## TfL Pension Fund Trustee's Report (continued)

For the Public Sector Section there is a surplus of assets over liabilities of £179m as at 31 March 2021. The Pensions Funding Agreement reached between the Trustee and TfL as part of the 2018 valuation has been updated to reflect the surplus as at 31 March 2021. Under the Agreement, certain additional contributions become automatically payable in the event of a funding deterioration (calculated on an annual basis and in subsequent formal valuations). This provides significant additional financial support for the Fund above the contributions required through the Schedule of Contributions.

For the Composite Section there is a surplus of assets over liabilities of £5.4m.

As required by legislation and the Fund's governing documents, the Trustee and TfL agreed a schedule of contributions for each of the sections which show the contributions that are to be paid.

The next actuarial valuation is as at 31 March 2024 and the statutory deadline for completion is 30 June 2025.

Following completion of the formal valuation, a Summary Funding Statement will be sent to each member of the Fund which summarises the valuation results for their section. Further Summary Funding Statements will be sent annually including, where applicable, information from the actuarial reports.

Copies of the Actuary's reports on the valuations and the actuarial reports referred to above are available on application to the Fund Secretary at the address given on the contents page at the front of the Report and Accounts.

# TfL Pension Fund

## Trustee's Report (continued)

### 7. Changes in membership during the year

The table below summarises the movement in membership during the year to 31 March 2022. In addition, the Fund has 316 (2021: 294) pension credit members comprising 189 deferred pensioners (2021: 175) and 127 pensioners (2021: 119).

	2021/ 2022	2021/ 2022	2020/ 2021	2020/ 2021	Change
<b>Contributing members as at 1 April</b>	25,627		25,976		
Joiners	1,725		632		
	<u>27,352</u>		<u>26,608</u>		
Contributing members retiring	(731)		(492)		
Leavers taking a refund of contributions	(185)		(74)		
Leavers becoming deferred pensioners	(737)		(371)		
Leavers taking a trivial commutation lump sum	(6)		(1)		
Deaths in service	(34)		(43)		
<b>Contributing members as at 31 March</b>		25,659		25,627	32
<b>Deferred pensioners as at 1 April</b>	16,465		16,844		
Leavers becoming deferred pensioners	737		371		
	<u>17,202</u>		<u>17,215</u>		
Deferred pensions coming into payment	(624)		(648)		
Deferred pensioners transferring to other schemes	(31)		(34)		
Deferred pensioners taking a trivial commutation lump sum	(14)		(16)		
Deferred pensioner deaths	(34)		(52)		
<b>Deferred pensioners as at 31 March</b>		16,499		16,465	34
<b>Pensioners as at 1 April</b>	32,158		32,556		
Contributing members retiring	731		492		
Pensions coming into payment	624		648		
	<u>33,513</u>		<u>33,696</u>		
Pensioner deaths	(1,194)		(1,537)		
Pensioners taking a trivial commutation lump sum / 100% Pension Sharing order	(-)		(1)		
<b>Pensioners as at 31 March</b>		32,319		32,158	161
<b>Dependants as at 1 April</b>	9,545		9,550		
Dependants becoming entitled to pensions	570		753		
	<u>10,115</u>		<u>10,303</u>		
Dependant deaths	(539)		(703)		
Dependants taking a trivial commutation lump sum	(48)		(55)		
<b>Dependants as at 31 March</b>		9,528		9,545	(17)
<b>Eligible children as at 1 April</b>	711		697		
Children becoming entitled to pensions	56		69		
	<u>767</u>		<u>766</u>		
Children ceasing to be eligible	(56)		(47)		
Child deaths	(1)		(8)		
<b>Eligible children as at 31 March</b>		710		711	(1)
<b>Total membership as at 31 March</b>		<u>84,715</u>		<u>84,506</u>	<u>209</u>

# TfL Pension Fund Trustee's Report (continued)

Details of contributing members by section as at 31 March 2022 were as follows:

	2021/ 2022	2021/ 2022	2020/ 2021	2020/ 2021	Change
	%		%		
Transport for London	25,637	99.91	25,603	99.91	34
Composite section	22	0.09	24	0.09	(2)
	<u>25,659</u>	<u>100.00</u>	<u>25,627</u>	<u>100.00</u>	<u>32</u>

## 8. Pension increases

Deferred members and pensioners receive increases in accordance with the Fund Rules. The April 2022 pension increase is based on the increase in the Retail Price Index over the 12 months to September 2021. Members of the Fund fall into one of two categories; *Existing Members* are those who joined the Fund when it was formed in April 1989 and *New Members* are those who joined on or after 2 April 1989 whose increase is capped at 5%. The full year's increase is 4.9% for both Existing Members and New Members.

Increases to pensions in payment and deferred pensions over the past five years have been as follows:

	Existing Members	New Members
April 2018	3.9%	3.9%
April 2019	3.3%	3.3%
April 2020	2.4%	2.4%
April 2021	1.1%	1.1%
April 2022	4.9%	4.9%

## 9. Contingent Liability

On 26 October 2018, the High Court ruled that Guaranteed Minimum Pension (GMP) benefits provided to members of pension schemes must be recalculated to reflect equalisation requirements between 17 May 1990 and 6 April 1997. As a result of the ruling, the Trustee of the Fund will need to equalise GMPs between men and women. A further High Court ruling on 20 November 2020 confirmed that this requirement extends to the calculation of cash equivalent transfer values paid from pension schemes such as the Fund prior to the 2018 ruling.

At this point in time a method of equalisation for the Fund has not yet been agreed by the Trustee and TfL, and there remain a number of areas where further industry guidance is awaited, or legal uncertainties remain. The Trustee expects to further consider the approach to be taken during 2022/23.

The Trustee has carried out initial liability estimates in relation to GMP equalisation which indicates the overall Fund liabilities will not increase by more than 0.5%. As a result, the expected backdated corrective payments are deemed not material to these accounts. The Trustee will include the amounts once they can be reliably estimated or in the year of payment.

## 10. Fund's advisers

There were no changes to the Fund's advisers during the year.

## 11. Disclosure of information to auditors

The Directors who held office at the date of approval of this Trustee's report confirm that, so far as they are each aware, there is no relevant audit information of which the Fund's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Fund's auditor is aware of that information.



# TfL Pension Fund Investment Report

## 1. Investment policy (excluding AVC investments)

Most of the Fund's investment assets were invested and administered by the Investment Managers, whose names appear on page 3. The Investment Managers employed during the financial year ended 31 March 2022 had discretion to invest as they saw fit within the asset classes and geographical limitations of their benchmarks, as agreed by the Directors (including any restrictions) following advice from WTW. During the year Cambridge Associates LLC was appointed to manage an absolute return fund. Certain legacy investments amounting to no more than 1% of total assets are administered in-house but the Directors take appropriate investment advice in the disposition of these assets. No termination notice was served during the year.

Investment Managers' fees are primarily based on the market value of the Fund and, in the case of some of the active managers, performance (subject to upper and lower limits and achieving investment hurdle rates, in most cases), but commissions and fees are also charged on investment transactions.

The Directors measure the Fund's performance against the benchmark, below, which is based on the long-term strategic asset allocation.

## 2. Investment overview

The investment assets of the Fund as at 31 March 2022, including AVC investments, had a value of £14,403.2m an increase of £1,342.9m compared with their value of £13,060.3m as at 31 March 2021. Investment income (i.e. dividends and interest) amounted to £119.7m for the year to 31 March 2022 compared with £117.2m for the year to 31 March 2021.

The bulk of the assets held by the active managers are quoted on the main worldwide stock exchanges and are marketable. The assets held with BlackRock are also highly marketable. A proportion of the Fund's assets are less liquid.

### Benchmark Summary at 31 March 2022

The Directors measure the Fund's performance against a composite benchmark based upon the current asset allocation. For each active manager the Directors select a portfolio performance measure and for passive managers the performance measure is that of the relevant index being tracked. While the Fund is moving towards its current long-term strategic target allocation, the weightings given to the individual manager benchmarks are their current portfolio valuations, updated on a quarterly basis. The approximate benchmark weights as at 31 March 2022 are set out below (the table has been simplified due to the large number of managers).

Allocation	Weight %	Comparison Basis
UK equities	0.5%	FTSE All Share/MSCI UK
Overseas developed equities	30.3%	FTSE Developed World ex UK/MSCI World ex UK
Emerging market equities	3.8%	MSCI EM/ Russell EM
Fundamental equities	3.5%	FTSE RAFI All World 3000 Index
Developed equities with EM tilt	0.4%	Russell GeoExposure
Fixed interest gilts	0.0%	FTSE Over 15 Year Gilts
Index-linked gilts	9.2%	FTSE ILG Over 5 Year
Global bonds	2.1%	BarCap 60/40 Sovereign Credit Index
Global bonds	3.0%	BarCap Global Agg Corp 1% Constrained
Alternative credit	2.6%	CS Leveraged Loan/BoAML US High Yield
Alternative credit	4.3%	BoAML US T-bills +2%
Alternative credit/ Liquid alternatives	12.6%	SONIA/ SOFR +3.25% / SONIA +5.25% pa
Alternative credit	1.5%	EMBI Global Div /JPM CEMBI Broad Div GBP Hedged
Renewables	0.7%	FTSE Index Linked Gilts over 15years Index +3%
Infrastructure	3.3%	UK/European RPI/CPI +3.5% pa
Infrastructure	4.2%	US CPI + 4% pa/ US CPI + 7% pa
Infrastructure	0.1%	MSCI Emerging Markets +2%
Private equity	6.9%	MSCI World +3% pa
Private equity	0.2%	US CPI + 5% pa
Private equity	0.3%	SONIA +3.25% pa
Private credit	3.9%	BoAML Global High Yield +2% pa
Commodities	1.0%	Bloomberg Commodity 3 Month Forward
Real estate	4.8%	FTSE EPRA/NAREIT Developed +1%
Cash for investing/derivatives for hedging	0.8%	SONIA/Mark to market rates
	<u>100.0</u>	

The majority of active managers are financially incentivised to out-perform a relevant index over rolling three-year periods. The Directors believe the investment mix set out on the following page will maintain an appropriate balance between risk minimisation and return maximisation given the current and future liabilities of the Fund.

# TfL Pension Fund Investment Report (continued)

## Actual Asset Allocation Summary as at 31 March 2022

Portfolio	% of Fund	Manager
<b>Core</b>		
Index tracking (all asset classes) and liability matching assets	25.0	BlackRock Investment Management (UK) Limited <sup>1</sup>
<b>Active Specialist</b>		
Global bonds	5.1	Goldman Sachs Asset Management
Global equities 1	2.7	Ardevora Asset Management LLP
Global equities 2	4.3	Pzena Investment Management LLC
Global equities 3	4.3	JO Hambro Capital Management Limited
Global equities 4	4.2	Veritas Asset Management LLP
Pacific Basin equities	2.1	Nomura Asset Management UK Limited
Global emerging market equities	1.0	Coronation International Limited
Global emerging market equities	1.4	Russell Investments Limited
Alternative Credit	2.6	Oak Hill Advisors, LP <sup>2</sup>
Global Small Cap equities	1.8	Paradice Investment Management Pty Limited
Alternative Credit	4.3	Wellington Management Company, LLP
Asia (ex Japan) equities	0.9	JO Hambro Capital Management Limited
Emerging market debt	1.5	JP Morgan Asset Management
Currency overlay	(0.2)	Russell Implementation Services Limited
<b>Alternative Assets</b>		
Global Macro Systematic Hedge Fund	4.2	Bridgewater Associates, Inc <sup>2</sup>
Infrastructure Investment	2.0	Semperian PPP Investment Partners Holdings Ltd <sup>3</sup>
Cory Topco Limited	0.9	SCM ManCo 1 Limited <sup>4</sup>
Private Equity Fund of Funds	0.6	Partners Group (UK) Limited
Reinsurance Hedge Fund	1.3	Credit Suisse AG <sup>2</sup>
Alternative Risk Premium Hedge Fund	0.8	Goldman Sachs Asset Management
Alternative Credit	0.2	Goldman Sachs Asset Management
Private Equity	0.2	Goldman Sachs & Co LLC
Distressed & Structured PE Credit	1.5	Siguler Guff & Company, LP
Infrastructure Private Equity Fund	0.4	Colonial First State Global Asset
Beta Trend Hedge Fund	0.9	Goldman Sachs Asset Management
Private Real Estate (Separate Account)	3.2	CBRE Global Collective Investors UK Limited
Multi-Strategy Credit Hedge Fund	0.7	Anchorage Capital Group LLC
Global Macro Discretionary Hedge Fund	2.1	Brevan Howard Asset Management, LLP
Multi-Strategy Credit Hedge Fund	0.0	Blue Mountain Capital Partners LLC
Segregated Infrastructure Debt Portfolio	1.6	Industry Funds Management Pty Limited
Global Private Equity (Separate Account)	6.1	Neuberger Berman Alternatives Advisers LLCP
Private Mezzanine Debt	0.6	GS Mezzanine Partners
Emerging Market Infrastructure Fund	0.1	IFC Asset Management Company, LLC
UK Renewables Private Equity	0.7	BlackRock Investment Management (UK) Limited
Commodities	1.0	BlackRock Investment Management (UK) Limited
Real Estate	1.7	BlackRock Investment Management (UK) Limited
Alternative Risk Premium Hedge Fund	1.0	Man Asset Management Ltd
Multi-Strategy Hedge Fund	0.9	Man Asset Management Ltd <sup>5</sup>
Infrastructure Private Equity Fund	2.3	Stonepeak Associates III LLC
Social Infrastructure Fund	1.9	Harrison Street Real Estate Capital <sup>6</sup>
Agriculture Capital Fund	0.2	Equilibrium Capital Group, LLC <sup>7</sup>
Macro Opportunities Drawdown Fund	0.3	Brevan Howard Asset Management, LLP
Hedge Fund Completion Programme	0.5	Cambridge Associates Ltd
Cash	1.1	Cash
	<u>100.0</u>	

<sup>1</sup> BlackRock manages a portfolio of financial instruments which seeks to hedge a proportion of the Fund's liabilities interest rate and inflation risk.

<sup>2</sup> The Fund was the only investor in Oak Hill Enhanced Credit Strategy Fund (Offshore) LP, the Credit Suisse Fund and Bridgewater Pure Alpha Strategy Fund as at 31 March 2022.

<sup>3</sup> The Fund has a 25.675% economic interest in Semperian PPP Investment Partners Holdings Limited.

<sup>4</sup> The Fund has a 11.36% economic interest in Cory Topco Limited.

<sup>5</sup> The Fund has a 14.47% economic interest in the Man 1783 Fund.

<sup>6</sup> The Fund has a 13.75% economic interest in the Harrison Street Social Infrastructure Fund.

<sup>7</sup> The Fund has a 19.95% economic interest in the CEFF II Fund.

## TfL Pension Fund Investment Report (continued)

The Directors maintain a Statement of Investment Principles as required by the Pensions Act 1995 and the latest version is available on request from the Fund Office at TfL Pension Fund, 200 Buckingham Palace Road, London SW1W 9TJ or from the Fund's website as noted on page 1.

### 3. Analysis of investments

The 10 largest direct quoted equity holdings of the Fund as at 31 March 2022 are shown below.

	Value	% of Fund's quoted equity holdings	Country	Sector
	£m			
Alphabet	44.7	1.5	USA	Communication Services
Canadian Pacific Railway	42.6	1.4	Canada	Industrials
Microsoft Corp	42.4	1.4	USA	Information Technology
CVS Health Corp	36.7	1.2	USA	Health Care
Catalent Inc	35.9	1.2	USA	Health Care
Charter Communications	35.4	1.2	USA	Communication Services
BAE Systems Plc	34.0	1.1	UK	Industrials
Thermo Fisher Scientific	28.9	0.9	USA	Health Care
Sony Group Corp	28.1	0.9	Japan	Consumer Discretionary
Taiwan Semiconductor	26.9	0.9	Taiwan	Information Technology
	<u>355.6</u>	<u>11.7</u>		

The foregoing excludes exposure to individual stocks through the Fund's holdings of units in pooled investment vehicles.

The Fund's investment in the following unit trusts represents more than 5% of the units in issue of these trusts.

	No of units held by the Fund	% of units in issue	Value of units £m
Abbotstone Property Unit Trust	2,575	56.3	1.295

### 4. Investment performance

The Fund participates in an independent investment performance measurement scheme organised by JP Morgan Investor Services which provides comparative information for assessing investment performance. JP Morgan Investor Services calculates both the overall investment returns obtained on the Fund's assets and the returns obtained by the individual Investment Managers.

The Fund has overperformed its benchmark in the year. The benchmark targets for the Fund are ambitious across the alternative investments part of the portfolio and some of the outperformance is expected to be concentrated more in the latter period of investment. The Fund's equity mandates have largely performed well in the year against their benchmarks. Some of the Fund's alternative investments have underperformed over the year, which reduced the overall outperformance against the benchmark. But in most cases their performance since inception has remained quite strong.

The table below shows the total investment returns, net of fees, (including both capital and income) obtained on the Fund's assets (including property but excluding AVCs) for the one, three and five years to 31 March 2022 and the corresponding composite benchmark established by the Trustee as the prime performance comparator. The benchmark quoted is a weighted average of indices relevant to the structure and is relevant throughout the time periods shown.

	One Year		Three Year Average		Five Year Average	
	Total Fund	Benchmark	Total Fund	Benchmark	Total Fund	Benchmark
Annual Return %	10.6	6.8	9.6	9.1	7.6	7.5
Ex currency hedging	10.4	10.0	9.3	9.4	7.4	7.6

The Fund assets returned 10.6% for the year ended 31 March 2022, 3.8% above its benchmark returns of 6.8%.

Since 1 April 2016, the Total Fund ex Currency Hedging Benchmark is calculated by the Fund's performance measurer as a weighted average of the underlying manager benchmarks. This has then been adjusted to estimate the impact of the currency overlay portfolio to produce the Total Fund Benchmark. The currency impact has been estimated as the difference in performance between the Total Fund ex Currency Hedging and the Total Fund.

# TfL Pension Fund

## Investment Report (continued)

Details of the performance of the individual portfolios in the year to 31 March 2022 gross of fees, unless shown otherwise, compared with the previous year are shown below:

	Year to 31 March 2022		Year to 31 March 2021	
	Fund %	Benchmark %	Fund %	Benchmark %
Index-Tracking – BlackRock				
UK equities	13.1	13.1	27.2	26.7
US equities	19.3	19.3	42.6	42.7
Canadian equities	28.5	28.2	43.8	42.9
European equities (ex. UK)	6.8	6.3	35.0	34.8
Japan equities	(2.4)	(2.4)	26.2	26.0
Pacific Basin (ex. Japan) equities	2.2	2.2	50.4	50.5
Middle East equities	43.0	42.3	17.6	17.6
Emerging Market equities	(7.5)	(7.1)	42.0	42.3
Over 15 year Gilts	(7.1)	(7.1)	(10.8)	(10.8)
FTSE RAFI All World 3000	14.5	15.3	43.9	42.5
GeoExposure	6.5	6.0	50.5	50.9
LDI – BlackRock QIF	(8.3)	(8.3)	(7.0)	(7.0)
Equities				
Adevora – Global equities	2.1	12.4	48.2	38.9
Coronation – Global EM equities	(29.8)	(7.1)	50.3	42.3
J O Hambro – Asia (ex.Japan) equities	(9.8)	(10.6)	56.0	41.4
J O Hambro – Global equities	7.0	12.4	54.0	38.9
Nomura – Far East equities	(3.4)	(3.2)	42.8	33.3
Paradice –Global Small Cap equities	1.8	6.4	50.6	55.3
Pzena –Global equities	12.3	15.4	59.0	38.4
Russell – EM equities	(6.1)	(7.1)	44.7	42.9
Veritas – Global equities	11.8	12.4	28.5	38.9
Bonds				
BlackRock – Network Rail bonds <sup>1</sup>	3.3	3.3	3.7	3.7
Goldman Sachs – Asset Backed	7.3	5.0	9.6	(9.8)
Goldman Sachs – Corporate Credit	(4.6)	(4.6)	12.8	8.7
Goldman Sachs – Sovereign Credit	(2.9)	(5.5)	0.0	(0.1)
Industry Funds Management	8.6	3.3	6.4	3.1
J P Morgan – Emerging Market Debt	(6.4)	(7.6)	18.1	16.5
Oak Hill – Enhanced Credit	8.5	6.3	(1.8)	(2.2)
Wellington	2.2	1.9	5.0	1.8
Other assets				
Anchorage Capital	10.1	3.3	5.3	3.1
Goldman Sachs – Trend	31.3	3.3	12.3	3.1
BlackRock Commodities <sup>1</sup>	124.3	143.2	59.9	67.2
BlackRock long Lease Property	15.5	22.1	(0.5)	23.4
BlackRock Real Estate <sup>1</sup>	20.7	20.9	21.7	22.2
BlackRock Renewable <sup>1</sup>	6.5	(3.5)	(2.6)	6.5
Broad Street Real Estate	29.2	1.9	(12.1)	15.2
Brevan Howard Fund <sup>1</sup>	4.1	3.3	25.1	3.1
Brevan Howard Special Opportunities <sup>2</sup>	9.0	2.3	-	-
Blue Mountain Capital	1.2	3.3	(17.1)	3.1
Bridgewater Pure Alpha Plus Gold <sup>2</sup>	38.2	15.0	-	-
Bridgewater Pure Alpha <sup>3</sup>	2.1	2.1	12.7	5.2
Bridgewater AW China <sup>2</sup>	11.3	8.1	-	-
CBRE	21.3	22.1	(2.1)	23.4
Colonial First State Global Asset Mgt <sup>1</sup>	15.8	11.6	28.0	2.5
Cory Topco Limited	2.2	14.0	3.7	6.5
Credit Suisse <sup>1</sup>	0.6	8.1	(3.5)	(7.1)
Equilibrium CEFF II <sup>2</sup>	5.7	19.5	-	-
Goldman Sachs – ARP	(7.2)	3.3	(1.6)	3.1
Goldman Sachs Coop Fund	98.6	24.3	(11.3)	48.8
Goldman Sachs Mezzanine VI	54.6	1.9	9.0	15.2
Goldman Sachs Mezzanine VII	20.5	1.9	(4.9)	15.2
Harrison Street Social Infrastructure Fund <sup>2</sup>	14.9	18.4	-	-
IFC Global Infrastructure	(40.0)	(5.3)	30.8	45.2
Man ARP	15.0	3.3	(5.3)	3.1
Man 1783	7.6	3.3	3.1	3.1
Neuberger Berman	51.6	18.4	21.5	44.1
Partners Group	16.4	19.4	5.9	43.2
Semperian	9.3	14.0	(0.4)	6.5
Siguler Guff Distressed Debt	17.5	9.9	(8.9)	28.1
Siguler Guff TARO	20.4	1.9	(6.4)	15.2
Stonepeak Infrastructure Fund	31.8	21.8	6.4	(1.2)

<sup>1</sup> Performance shown net of fees    <sup>2</sup> Since inception    <sup>3</sup> From 1 September 2021 converted to Pure Alpha Plus Gold

The active managers (all the managers shown above with the exception of the Index/Passive and the LDI manager) have been set targets to achieve, measured as out-performance of the relevant benchmarks over 3 year rolling periods, with the extent of out-performance depending on the portfolio.

# TfL Pension Fund Investment Report (continued)

## 5. AVCs

Legal and General is the ongoing AVC provider. The distribution of the AVCs invested with the two legacy providers as at the year end is set out below:

	Value of fund at 31 March 2022	% of total	Reported returns (where declared) Year to 31 March 2022
	£m		
<b>Legal &amp; General</b>			
Diversified G28	42.4	34.2	6.2%
Cash 3	20.2	16.3	0.1%
All World Equity Index 3	20.1	16.2	14.0%
UK Equity Index 3	9.8	7.9	13.0%
World (Ex-UK) Equity Index 3	8.6	7.0	16.3%
HSBC Islamic Global Equity Index Fund 3	6.4	5.2	21.4%
Ethical Global Equity Index 3	6.0	4.9	18.4%
All Stocks Index Linked Gilts Index 3	3.7	3.0	4.3%
Pre-retirement 3	2.8	2.3	(6.8%)
Future World Fund 3	0.3	0.2	14.0%
	<u>120.3</u>	<u>97.2</u>	
<b>Clerical Medical</b>			
With Profits	2.4	1.9	N/A
Unit-linked funds	0.9	0.7	N/A
	<u>3.3</u>	<u>2.6</u>	
<b>Standard Life</b>			
Pension With Profits One Fund	0.3	0.2	N/A
	<u>0.3</u>	<u>0.2</u>	
	<u>123.9</u>	<u>100.0</u>	

## 6. Custodial arrangements

During the year the Trustee was Custodian of certain property unit trusts and cash. Various brokers hold cash in connection with forward foreign exchange contracts, futures and interest rate swaps. The rest of the Fund's investments, comprising those assets managed by the Fund's Investment Managers, were held by JP Morgan Investor Services as nominee. The Fund's pooled investment interests are held under managed fund policies in the name of the Trustee and the policy documents are held by BlackRock Investment Management (UK) Limited and other custodians.

## 7. Stewardship and activism

The Trustee recognises the Fund's responsibility as an active and long term institutional investor to support and encourage good corporate practices in the companies in which it invests. In the stewardship of assets this means paying regard to relevant environmental, social and governance, ("ESG") considerations when considering the purchase, retention or sale of investments. Following the Trustee's review of their investment beliefs that underpin the approach to investment strategy, in addition to the existing belief that active corporate governance can add value, they have included as a new belief that investment return and sustainability are not conflicting objectives.

Analysis of ESG factors may serve to highlight exposures that could harm a company over the longer term while companies which positively engage with ESG issues may achieve better long-term value when compared with those which do not.

Through delegation to their investment managers the Trustee currently communicates with companies and exercises their rights attaching to their investments through shareholder voting.

In order to build on this investor activism, the Fund has become a signatory of the UN Principles of Responsible Investment ("PRI") which require the Fund to:

1. Incorporate ESG issues into investment analysis and decision-making processes.
2. Be an active owner and incorporate ESG issues into ownership policies and practices.
3. Seek appropriate disclosure on ESG issues by the entities in which it invests.
4. Promote acceptance and implementation of the Principles within the investment industry
5. Work together to enhance our effectiveness in implementing the Principles.
6. Report on activities and progress towards implementing the Principles.

## TfL Pension Fund Investment Report (continued)

Through this association with the PRI the Fund will gain support in developing its engagement with ESG issues and through the PRI reporting framework provide information on its activities and be able to assess progress. Signatories are not expected to achieve instant compliance, but they are required to start to incorporate the PRI into investment decision-making and ownership practices and report on their implementation. The Fund continues to work on its compliance with the PRI using its existing resources and this determines the scale and pace of the Fund's engagement.

From 1 October 2021 the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 introduce new requirements relating to reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. These aim to improve both the quality of governance and the level of action by trustee in identifying, assessing and managing climate risk. The TCFD report for 2022 has been published and can be found here:

<https://content.tfl.gov.uk/task-force-on-climate-related-disclosures-june-2022-1.pdf>

### 8. Implementation Statement

#### Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations ('the Regulations'). The Regulations, amongst other things, require that the Directors outline how they have ensured that the policies and objectives relating to voting and engagement policies set out in their Statement of Investment Principles (SIP) have been adhered to over the course of the year. This document covers the year ending 31 March 2022.

The purpose of the Implementation Statement ('the Statement' or 'IS') is to:

- Set out the extent to which, in the opinion of the Trustee, the voting and engagement policy under the Fund's Statement of Investment Principles ('SIP') has been followed during the year.
- Describe the voting behaviour by, or on behalf of, the Trustee over the year (including the most significant votes cast by Trustee or on their behalf)

The Trustee must include the Implementation Statement in the Trustee's Report & Accounts and publish this on a publicly available website. Both the Statement of Investment Principles (dated March 2022), which includes the voting and engagement policies, and Implementation Statement can be found here:

<https://tfl.gov.uk/pensions/fund-management/investment-management-and-principles>

The Trustee is only required to report whether, in their opinion, their policies on voting and engagement have been met in the period. They have, however, chosen to report more generally on compliance with the SIP given the importance of this from the governance perspective.

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focussing on areas of maximum impact. The Trustee confirms that the investments which the Scheme holds were chosen in line with the requirements of s36 of the Pensions Act 1995.

#### Changes to the SIP over the year to 31 March 2022

The SIP that was updated in March 2021 was applicable for the majority of the period covered by this statement and therefore the sections referenced in this statement are those given in the SIP dated March 2021. The March 2021 SIP was already aligned with the regulations mentioned above, which covered policies regarding how asset manager incentives to achieve long-term objectives, policies regarding cost transparency and policies on voting and stewardship rights.

The SIP underwent its annual review in March 2022 and the following changes were made:

- Inclusion of the details of the Carbon Neutral Journey Plan (sections 10.24-10.27), which details a target of a 100% reduction in the Fund's carbon emissions no later than 2045 and a 55% reduction of carbon emissions by 2030 at the latest, using a 2016 baseline as measured by weighted average carbon intensity.
- The Stewardship Strategy was updated to reflect the Fund's increased emphasis on utilising its right to vote as part of its engagement strategy.
- Updates to improve clarity and to make it more precise.

# TfL Pension Fund Investment Report (continued)

## Compliance statement

This Statement demonstrates that the TfL Pension Fund has adhered to the investment principles and policies regarding voting and stewardship, including ESG factors, as set out in the Fund's SIP.

## Summary of ESG Policy Implementation

The Trustee outlines in their SIP a number of key objectives and policies that fall under ESG. This section gives a summary of the implementation of these policies.

As all the Fund's assets are externally managed, the implementation of sustainable investing/ESG integration at individual mandate level is delegated to the investment managers ("the managers"), with the managers also engaging with investee companies on the Fund's behalf.

In addition, the Fund partners with stewardship specialist, Sustainalytics, and several collaborative engagement platforms, to carry out focused engagements. Since March 2020, all proxy voting activities for the Fund's active equity mandates are carried out by Glass Lewis (as part of the Sustainalytics partnership) on behalf of the Fund.

For all the above external service providers, the Fund ensures that the sustainable investing and stewardship activities are implemented in alignment with its ESG policy by:

- 1) selecting/designing mandates to reflect its ESG policy
- 2) closely monitoring the activities of incumbent managers to ensure they are aligned with its policy

In addition, at the Fund level, the Fund monitors a range of ESG metrics to ensure portfolio outcome is in alignment with its ESG policy. At the strategic asset allocation level, the Fund follows the ESG policy by investing in asset classes that provide more opportunities for ESG tilted investments, including renewable energy/ waste to energy infrastructure, energy efficient buildings and Impact private equity.

The Fund publishes an annual Sustainable Investing report every year which covers the above topics in detail and provides graphical analysis and case studies. The Sustainable Investing report can be read in conjunction with this Implementation Statement:

<https://content.tfl.gov.uk/2021-report-on-sustainable-investing-full-version.pdf>

## How the ESG Objectives & Policies outlined in the SIP have been met

In this section, the ESG policy sections of the SIP are noted, together with an explanation of how these objectives have been met and policies adhered to over the course of the year to 31 March 2022:

*Investment managers and advisers (sections 10.10 – 10.11):*

As part of the Fund's due diligence process, a thorough check of the prospective manager's credentials relating to all matters on ESG, sustainable investing and stewardship are reviewed. In the year to 31 March 2022, there were 3 new investment strategies the Fund invested in, all of which were reviewed through questionnaire responses with follow up clarifications, as well as further assessment in virtual meetings with the Trustee. None of the new investment funds breached the Trustee's exclusion policy of excluding companies that generate more than 30% of their annual revenues from thermal coal in power generation and/or mineral extraction. ESG was explicitly covered in all stages of the selection process: The Fund assessed whether the manager has an ESG policy, how it is embedded in its strategy, risk management, investment selection, portfolio management and reporting. This was also covered in detail in presentations to the Trustee. Based on the findings of this analysis, the Trustee was satisfied with the suitability of the managers' policies and their alignment with the Fund's objectives. Where segregated mandates were implemented, specific requirements for the Investment Manager to consider the alignment of the Fund's ESG policy with the investment decisions made by the Investment Manager were included within the Investment Management Agreement (IMA).

The Fund Office (in house management team lead by the Fund Secretary and reporting to the Trustee) monitored all underlying managers through regular calls held either quarterly or semi-annually on each underlying fund or mandate. ESG topics are discussed on these calls and the Fund would ask questions on how ESG issues had been integrated into the investment process in the given period, in particular covering high risk holdings/ material ESG factors and looking for evidence that managers assessed and managed ESG risks adequately. Managers have clear sight of the SIP and Fund ESG expectations, and they are required to produce detailed documents which form the basis of the annual ESG review. On the back of these reports, feedback is provided, and the Fund would seek ongoing improvements in the managers' ESG approach. During the implementation of all investments already held within the period, the Trustee was satisfied with the above-mentioned policies for the respective managers by going through this process.

## TfL Pension Fund Investment Report (continued)

In September 2021 the Trustee reviewed the biennial “Sustainable Investment Review” report from the Fund’s investment advisor, WTW to assess the extent to which the Fund’s managers are meeting the Fund’s requirements on ESG integration and corporate governments. Alongside an assessment of the Fund’s public equity investment managers, this review was expanded to cover a number of the Fund’s credit and alternatives managers. All managers reported on had achieved either a rating of “Strength” or “Neutral” across the areas assessed.

Assessment of ESG related risks on individual investment decisions made by the manager are given in the monitoring section below.

*Risk management: Financially material ESG issues, including climate change (sections 10.12 - 10.23)*

### **Monitoring on ESG metrics**

During the year, the Fund Office reported their findings on ESG characteristics and scores for the Fund’s active public equity and bond mandates, on a quarterly basis to the Trustee. These reports included analysis on the highest carbon emitters within these asset class holdings as well as the companies with the worst ESG scores. Each quarter, a selection of these highlighted companies was discussed with the investment managers that had selected them in order to understand the rationale for holding them. As part of these discussions, it was raised that one manager held back investing in a high-emitting steel development company until they were certain that management had taken necessary mitigation measures for future climate risk.

Alongside this data, ESG scores at the mandate level were also assessed and used in conjunction with performance figures to evaluate whether any of the mandates were exhibiting significant detrimental impacts on returns due to assets held. Within the Fund year the Trustee was happy that no mandates needed to be changed based on these metrics.

The weighted average ESG and weighted average carbon emissions intensity “WACI” (defined as metric tonnes per million USD sales) across the actively managed public equity and bond holdings were compared against equivalent scores for relevant benchmarks each quarter. The Fund was broadly in line with the best ESG score of the bucket of indices used for comparison and had an overall lower emissions intensity than all the benchmarks across all quarters in the year. For illustrative purposes, the table below shows ESG scores and emissions intensity versus benchmarks at different time periods, starting with Q2 2017, when the Fund first started monitoring these metrics:

### **TfL Pension Fund and Benchmark ESG Scores (higher the better)**

Date	Fund score	MSCI ACWI	MSCI EM	Russell 2000
Q2 2017	<b>4.93</b>	5.39	4.25	3.90
Q1 2020	<b>5.70</b>	5.14	4.58	4.65
Q1 2021	<b>5.09</b>	4.97	4.40	4.60
Q1 2022	<b>5.32</b>	5.20	4.64	4.69

### **TfL Pension Fund and Benchmark Carbon Emissions Intensity (lower the better)**

Date	Fund score	MSCI ACWI	MSCI EM	Russell 2000
Q2 2017	<b>185.22</b>	214.82	340.99	192.57
Q1 2020	<b>123.42</b>	180.39	290.16	138.62
Q1 2021	<b>115.69</b>	157.62	274.10	132.43
Q1 2022	<b>114.60</b>	162.81	325.65	154.17

Further to the emissions intensity data given in the table above, the Fund produced figures outlining its resource intensity output for 2021 on page 14 in the annual Sustainable Investing Report. In line with upcoming best practice under TCFD, the Fund started the process of evaluating its “carbon footprint” across all asset classes with the view to measure and set future aims based on this analysis.

The impact of the Fund’s investments was assessed against the UN Sustainable Development Goals (‘SDGs’ or ‘Goals’), which are 17 goals to drive the end of poverty, protect the planet and facilitate peace and prosperity by 2030. This analysis was completed by comparing the Fund’s active equity portfolio per SDG, against a custom benchmark. The Fund outperformed the benchmark on 16 out of 17 SDG goals. Full details of these results can be seen on page 30 in the Sustainable Investing report.



## TfL Pension Fund Investment Report (continued)

The Sustainable Investing Report for 2021 has been published and can be found here:

<https://content.tfl.gov.uk/2021-report-on-sustainable-investing-full-version.pdf>

### *Exclusion Policy*

Throughout the period, the exclusion already in place to exclude companies that generate more than 30% of their annual revenues from thermal coal in power generation and/or mineral extraction from its active mandates across the Fund was monitored and no breaches were reported. No further exclusion policies were agreed by the Trustee within the year.

### *Private markets*

The Trustee has put significant thought into how to improve engagement and assessment of ESG and sustainability factors in private markets. The Fund Office engaged with the underlying managers to continue this process and has provided materials to the Trustee to help improve the understanding of asset class specific initiatives such as GRESB, formerly known as the Global Real Estate Sustainability Benchmark, an organisation that provides ESG benchmarks for infrastructure and real estate assets based on company or fund self-assessments.

### *Investments with positive impact and sustainability themes (sections 10.29 – 10.31):*

As part of its strategic long-term goals, the Fund is increasing its weighting to private markets. In this space, there is a variety of assets and initiatives that strongly align with impact and sustainability themes.

In the scheme year, the Fund has made top ups and deployed further capital across a number of infrastructure funds covering investments from renewable energy to sustainable greenhouses in North America. Some of these assets are outlined further on pages 31-35 in the Sustainable Investing Report. All these investments were made with social or environmental impacts in mind.

It is expected that private markets investments will continue to be an important part of the target of allocating at least 15% of assets to investments with a strong “ESG tilt” by 2025.

### *Collaborative initiatives (sections 10.32 – 10.354):*

The Trustee recognises the importance of their role as institutional investors; however, they understand the limits of the impact of acting alone. Due to this, the following collaborative initiatives were undertaken within the year:

- The Fund is a signatory to the United Nations Principles for Responsible Investment and as such completed its annual reporting submission. The latest results have not yet been released, but the Fund scored an A or A+ in each module from its previous submission.
- The Fund continued to be a signatory to CDP, a not-for-profit charity that gathers global environmental data from companies and cities and engaged in the 2020 Non-Disclosure Campaign within the period. As a result, the Fund reached out to 83 companies in 2021 requesting disclosures of climate change related information. Out of these companies, 26 (31%) have now made disclosures. This engagement will help investors and companies work together to tackle worldwide environmental issues.
- Through Climate Action 100+ the Fund continued to engage with three companies (Rolls Royce, Anglo-American and Rio Tinto), with carbon reduction targets set by each one and companies either established on in the process of developing roadmaps to outline the course to achieving these goals. Engagement responses and TCFD related disclosures published within the year were also more transparent than previously, showing the impact the initiative is having. More information is given in the 2021 Sustainable Investing Report (page 27 for Climate Action 100+, pages 14-18 for disclosures).
- Accounting for Sustainability (A4S) is an initiative that provides tools to help embed sustainability in financial processes. The Chair of the Investment Committee represents the Fund on the A4S Asset Owners Network and provided input on important matters at meetings, including climate change.

# TfL Pension Fund Investment Report (continued)

*Voting and Engagement (sections 10.24 – 10.28)*

## *Policies and alignment*

### *Overview*

The Fund held investments in public equities with voting rights in two main ways: through segregated mandates set up specifically for the Fund's needs or through pooled vehicles where the Fund is investing alongside other investors. The key difference in terms of voting is that for segregated mandates, the Fund retains voting rights, where for pooled vehicles the investment manager controls voting. The Trustee continues to assess the possibility of moving pooled equity fund assets to segregated structures for more voting control and better outcomes for their members.

### *Segregated mandates and voting policies*

For equities held in segregated mandates, the Fund used Glass Lewis as its proxy advisor and Sustainalytics as its engagement partner for the period covered. Glass Lewis votes on behalf of the Fund in line with best practice in the region in which a certain company is based. Sustainalytics' approach to engagement is centred around the notion of building long-term partnerships with the aim of creating long-term sustainable investment value in the companies that they engage with.

Glass Lewis policies are largely based on the regulations, listing rules, codes of best practice and other relevant standards set in each country. While these guidelines provide a high-level overview of our general policy approach, implementation varies in accordance with relevant requirements or best practices in each market. The latest guidelines can be found in the link below:

<https://www.glasslewis.com/voting-policies-current/>

For the scheme year covered, the Fund voted based on the Glass Lewis guidelines, with a Sustainalytics 'overlay' using voting as a means of escalation in a small number of engagement cases.

Details of the voting behaviour undertaken on behalf of the Trustee, including details of the most significant votes cast, is set out in the appendix to this report.

### *Pooled vehicles and voting policies*

In the year 1 April 2021 to 31 March 2022, the Fund's pooled equity fund managers were BlackRock and Russell Investments. As a result of this, votes attached to the underlying equity investments and controlled by the manager. Their voting policies can be found on the links below:

[BlackRock Proxy Voting policies](#)

[Russell Investments Proxy Voting Policies](#)

The Trustee received and reviewed voting reports from both BlackRock and Russell Investments at least quarterly in order to monitor the latest period's key votes and review whether the policy is in line with the Trustee's policies. For the year of this statement, the Trustee was happy that the voting and engagement carried out by BlackRock and Russell Investments was in line with their policies.

## *Engagement*

Following consultation with Sustainalytics in 2019, the Trustee decided to focus on the following three programmes:

- **Global Standards:** Engaging with companies that severely and systematically violate international standards. The aim of the engagement is not only to resolve incidents deemed to breach these standards, but also to improve the company's future ESG performance and risk management to ensure incidents don't occur again.
- **Material Risk:** Proactive engagement with companies with the greatest unmanaged financially-material ESG risks. The collaborative and constructive engagement helps high-risk portfolio companies to better identify, understand and manage their ESG risks.
- **Thematic Engagement:** Focusing on tackling the most challenging ESG issues, from climate change to child labour. Under this type of engagement, the Fund focused on Plastics and the Circular Economy until the end of 2021. The objectives of this engagement were to improve recycling practices and increase reusability. In July 2021, the Fund began its focus on Sustainable Forests and Finance, which aims to address climate risk and advocate for reductions in both direct and indirect emissions in global forest systems. The Fund worked closely with Sustainalytics in the design stage of this thematic engagement topic.

# TfL Pension Fund

## Investment Report (continued)

The thematic engagements have a three-year circle.

Engagement is core to the Trustee's arsenal to help driving ESG progression within the Fund and within the industry. Engagement statistics and examples can be found in the collaborative initiatives section and the appendix, with additional case studies available in the 2021 Sustainable Investing Report (pages 20-28).

### Summary of Other Policies

The Trustee outlines in their SIP a number of key objectives and policies on strategy, beliefs, allocations, and risks amongst other required policies. This section gives a summary of these policies.

The SIP (Statement of Investment Principles) sets out the Trustee's investment objectives for the Fund and the investment principles governing how decisions about investments must be made.

An important part of investment principles is the Investment Beliefs. The SIP sets out the Trustee's Investment Beliefs and they are intended to set the background against which all investment related decisions are made for the benefit of the Fund.

The aim is that discussions and decisions on investment strategy, implementation, tactical views, and funding should be considered within these principles. The full list of beliefs can be found in the SIP.

The Trustee has a duty to set investment strategy and to select and monitor underlying funds and managers. When setting the investment strategy, the Trustee needs to consider how the assets are best invested to help the scheme to pay benefits when they are due, whether these are due in the short-term or in the long-term.

Trustee will need to consider and respond to changes in the strength of the employer covenant and the level of investment return expected in the scheme's recovery plan.

As stated in Section 4 of the SIP, while the primary objective is to hold sufficient assets to meet the liabilities of each section, the Trustee has recognised that the level of funding within each section and the strength of the employers' covenants permit some investment risk being taken in pursuit of growth.

The aim is to take on risk in a controlled fashion in order to achieve incremental excess return - a process that is agreed by the Trustee in consultation with TfL and signed off by the Pensions Regulator as part of the triennial funding update review.

In the past decade, the Fund's investment strategy has evolved from a simple combination of equities and bonds to a much more diversified portfolio comprising a significant allocation to alternative assets. The introduction of liquid alternatives and private market allocations looks to enhance the return (while controlling risk) for the Fund.

These changes have been guided by the Fund's SIP. The SIP itself has evolved to reflect the Trustee's changing investment beliefs, adapting to the emergence of new investment trends and products available in the marketplace.

As part of setting up the strategy, the Trustee has the task of selecting, monitoring and reviewing a mix of assets which provides an appropriate degree of risk exposure and potential for reward (returns) for the Fund investments.

Trustee also has to ensure that assets are sufficiently liquid, in order to be able to release funds from the scheme investments and pay the benefits as they become due, whether on a long term or a short-term basis.

### How the other objectives & policies outlined in the SIP have been met

The Trustee outlines in their SIP a number of key objectives and policies. These are noted below, together with an explanation of how these objectives have been met and policies adhered to over the course of the year to 31 March 2021:

#### Objectives of the Fund (sections 4, 4.1 – 4.4):

To deliver sustainable long-term funding in line with the recovery plan agreed as part of Triennial review in 2018. Following the completion of the 2021 Actuarial Valuation, the Trustee is in the process of reviewing the investment strategy to ensure this objective is continued to be met.

# TfL Pension Fund

## Investment Report (continued)

### Additional Voluntary Contributions (AVCs) (section 12, 12.1):

The Trustee fulfilled their duties in providing members the option to make additional contributions into investment options provided by the chosen provider, Legal & General Investment Management (LGIM). LGIM was appointed following a review at the end of 2019.

### Investment Beliefs (section 7, 7.1 – 7.16):

The beliefs guided how the Fund was managed during the year and have helped to inform Trustee actions and safeguard value during periods of ongoing uncertainty, such as the conflict in Russia and Ukraine. This can be most prominently seen through the beliefs that diversification can control risk and the importance of long-term thinking. There are also beliefs around climate change and sustainability which shape the Fund's approach in these areas. No changes to the investment beliefs were made in the year to 31 March 2022.

### Governance Policy (sections 10, 10.7 – 10.9):

In the year to 31 March 2022 the Trustee took steps to meet the TCFD reporting requirements in line with the DWP regulations in line with best practice guidance.

### Investment Strategy: Asset Allocation (sections 8, 8.1 – 8.6)

The Trustee is advised by the Fund's Investment Adviser (WTW) on the Fund's Investment Strategy. It was set following the conclusion of 2018 Triennial review and is reviewed on an annual basis to consider any significant market and economic changes. No major changes were made last year. The aim of the strategy was to increase the expected return of the Fund while maintaining the same level of risk it was taking before. This would be achieved through reducing the public equity allocation and increasing private market and alternative credit weightings. In the year to March 2022, the Fund made investments in line with the target allocation.

The investment strategy is due to be reviewed over the 2022-23 Fund Year following the conclusion of the 2021 Triennial review.

### Risk Management (sections 9, 9.1 – 9.5):

Risk management at the mandate level is delegated to the investment managers.

Risk monitoring is fully integrated in the Quarterly Performance reports reviewed by the Trustee. Several risk metrics are covered in these reports ranging from portfolio level Value at Risk (VaR) and volatility to scenario analysis, tracking error, drawdown measures and market beta at both the portfolio and at an individual mandate level. Risk was assessed on a regular basis throughout the year using these methods and the Fund operated within its risk limits.

### Rates of Return (sections 8, 8.5):

Rates of return for the Fund are calculated independently by the Fund's performance manager (JP Morgan) and reported on a quarterly basis. It shows current portfolio return expectations against benchmark returns. In addition, mandate level returns were monitored against performance benchmarks agreed with the managers, to ensure that they were in line with long-term expectations.

### Liquidity (sections 5, 5.1 – 5.2):

The Trustee monitors the Fund's liquidity at all times including projections of near and mid-term requirements.

### Monitoring (sections 11, 11.7 – 11.14):

During the period, four monitoring reports were produced for the Investment Committee meetings and four were produced for the Alternatives and Liability Hedging Committee meetings in the period by the Performance Manager, Investment Adviser and the Fund Office. Fees were assessed against performance both on a short-term and long-term basis to assess value. During this process, fees were checked to ensure they were in line with IMAs.

The Trustee will continue to work with the Investment Adviser to improve monitoring analysis and mitigate unwanted risks which are more prevalent in times of stress. No concerns were raised within the period, relating to fees and incentives versus performance. The Trustee will closely monitor fees to ensure value for the Fund and its members.

The performance manager reports provide returns over multiple time frames (quarterly, annual, 3 years etc) for the Fund, the individual mandates and also their benchmarks. It receives data feed directly from the Fund managers and for the segregated mandates through the Fund's custodian, which also is JP Morgan.

## TfL Pension Fund Investment Report (continued)

The Fund's investment adviser reports give a quarterly holistic update of performance and funding in the context of the liabilities. Performance is provided net of fees and compared to individual benchmarks per fund/mandate. Risk is also monitored at the portfolio and underlying fund or mandate level. Quarterly manager assessments are included and highlight major manager changes.

The Fund Office report complements this by assessing value for money (VFM) through analysis of outperformance against fees. For the active equity and bond mandates, the active performance added to the Fund weighted based on market values was 0.3% vs fees calculated on the same basis of 0.4% over a trailing 36-month period. Performance is analysed versus peer group and is rule based. Stress testing of certain relevant scenarios is included for a different view on risk.

### **Conclusion & future developments**

Over the course of the year to 31 March 2022, the Trustee is pleased to report that they have, in their opinion, adhered to the policies set out in the Scheme's SIP.

The Trustee will continue monitoring the funds and managers the Fund uses and will seek professional advice from their investment adviser as appropriate.

The Trustee recognises that they have a responsibility, as an institutional investor, to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. The Trustee will continue to use their influence to drive positive behaviour and change among the fund managers and other third parties that the Trustee rely on; such as the stewardship service provider and investment adviser.

The Trustee will, as appropriate, set increasingly higher standards for these parties in future, and will monitor, assess and ultimately hold them to account to ensure that the assets of the Trustee are appropriately invested. Accordingly, the Trustee will continue to develop the Fund's responsible investment policies during 2022 and, with support from the investment adviser and regular engagement with managers, will monitor their appropriate application.

# TfL Pension Fund Investment Report (continued)

## Appendix

### Voting Statistics

The table below gives a summary of voting statistics across all public equity holdings within the year to 31 March 2022:

	Votable meetings	Votable Resolutions	% of votable resolutions voted on	% of votes with management	% votes against management	% of votes abstained	% of resolutions voted contrary to proxy adviser
<b>Segregated accounts</b>	<b>599</b>	<b>7,232</b>	<b>99.2%</b>	<b>89.5%</b>	<b>8.6%</b>	<b>1.0%</b>	<b>0.0%</b>
<b>BlackRock Total</b>	<b>15,769</b>	<b>174,101</b>	<b>93.7%</b>	<b>86.0%</b>	<b>7.7%</b>	<b>2.2%</b>	<b>7.4%</b>
BlackRock Aquila Life MSCI World Fund	1,022	14,778	88.0%	80.5%	7.6%	0.7%	7.3%
BlackRock Aquila Life US Equity Fund	594	7,321	99.7%	95.2%	4.6%	0.0%	7.9%
BlackRock Aquila Life Canadian Equity Fund	51	696	100.0%	97.3%	2.7%	0.0%	2.9%
BlackRock Aquila Life UK Equity Fund	1,142	15,223	97.5%	91.4%	6.1%	1.8%	7.0%
BlackRock Aquila Life European Equity Fund	502	9,066	74.0%	62.9%	11.1%	1.3%	9.4%
BlackRock Aquila Life Japanese Equity Fund	505	6,051	100.0%	97.4%	2.6%	0.0%	4.1%
BlackRock Aquila Life Pacific Rim Equity Fund	480	3,374	99.9%	88.3%	11.6%	0.1%	8.5%
BlackRock Aquila Life Israel Equity Fund	66	553	100.0%	88.8%	11.2%	2.7%	11.0%
BlackRock Aquila Life Global 3000 Fundamental Weighted Index	3,435	42,265	92.7%	86.2%	6.5%	1.6%	7.2%
BlackRock Aquila Life Global Min Vol Fund	364	5,023	94.8%	88.8%	6.0%	0.4%	7.5%
BlackRock iShares Edge EM Fundamental Weighted Index Fund (IE)	743	7,319	91.7%	83.2%	8.4%	5.6%	9.6%
BlackRock iShares EM Equity Index Fund (UK)	3,488	29,811	96.7%	87.3%	9.4%	4.4%	8.5%
BlackRock iShares EM Index Fund (IE) Agg	2,594	22,577	97.1%	87.1%	10.0%	3.8%	9.1%
BlackRock Russell Developed Large Cap EM GeoExposure Index Fund B	403	6,083	92.9%	84.0%	8.9%	0.4%	0.1%
BlackRock Developed Real Estate Index Fund B	380	3,961	90.0%	84.9%	5.0%	0.2%	0.1%
<b>Russell Total<sup>†</sup></b>	<b>884</b>	<b>8188</b>	<b>99.0%</b>	<b>79.0%</b>	<b>16.0%</b>	<b>3.0%</b>	<b>7.0%</b>
Russell Emerging Markets Equity Fund	884	8188	99.0%	79.0%	16.0%	3.0%	7.0%
<b>Total Votes</b>	<b>17,252</b>	<b>189,521</b>	<b>94.1%</b>	<b>85.8%</b>	<b>8.1%</b>	<b>2.2%</b>	<b>6.7%</b>

Figures provided by the investment managers, Glass Lewis and Sustainalytics

Figures for voting with or against management and abstaining may not add to 100% due to either rounding, the votes cast with and against management includes abstained votes already or if there were multiple vote strings for a given meeting, any proposal voted in a different manner between the vote strings is counted twice.

<sup>†</sup>Russell Investments does not strictly follow the voting policy of its proxy adviser as it has its own voting policy, which is why there is a large deviation in contrary votes. The Fund has no control over that policy.

\*BlackRock does not follow any single proxy adviser's voting recommendations. BlackRock uses multiple proxy advisers for information but voting decisions are made by members of the BlackRock Investment Stewardship team.

### Voting Behaviour

Through voting with Glass Lewis, the Fund generally votes in line with what is seen as best practice and relevant to the given jurisdiction. The effect of minority stakeholder votes tends to be small but is growing. A few examples of this are given by Glass Lewis' Proxy Season review reports, which looks specifically at their coverage. Regional stats highlighting voting trends for 2021 are given below:

# TfL Pension Fund Investment Report (continued)

## USA

- The number of directors failing to get majority shareholder support increased by 25%. Average shareholder support for directors dropped slightly from 94.5% in 2020 to 93.8% in 2021.
- The number of say-on-pay proposals failing in the S&P 500 nearly doubled from 2020 to 2021.

## Europe

- Women accounted for c.42% of new board appointments in 2021, slightly up from 2020
- European companies have been opened to giving shareholders a Say on Climate, with 85% of management-sponsored votes during the 2021 proxy season coming from companies based in Continental Europe or the UK.

## UK

- 7 FTSE 350 companies proposed a direct shareholder vote on climate strategies for the first time.
- In aggregate, the FTSE 350 hit its target of 33% gender diversification on boards, however, there has been a notable decrease in the quality of disclosure at many companies, particularly surrounding the board's long-term succession planning and how gender diversity forms part of those considerations.

## Japan

- 21.7% of companies had over 50% board independence, up from 16.4% in 2020.
- The proportion of boards with a two-tier structure with less than 10% female representation fell to 45%, down from 54% in 2020.

These facts show that the impact of minority investors is starting to grow and their voice will be heard as engagements and voting policies develop. The Fund fully accepts the fact that the impact it can have on its own is limited but appreciates the important of voicing its opinion in the pursuit of better company governance.

In line with the Fund's Investment Beliefs, there is clear recognition that ESG/sustainability should be fully integrated with the Fund's investment framework. In that context, the relevance, applicability and materiality of different ESG issues is different for every investment and these factors can form a credible basis for the Trustee to pursue engagement and voting activities in partnership with the Fund's managers and Sustainalytics. Based on this, the Fund has outlined the votes it deemed to be most significant over the year:

Company name	Facebook Inc.	Apple Inc	Costco Wholesale Corp
Part of TfL portfolio	TfL Segregated	TfL Segregated	TfL Segregated
Date of vote	26/05/2021	04/03/2022	20/01/2022
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.150%	0.015%	0.014%
Summary of the resolution	Elect Mark Zuckerberg as Chairman	Shareholder Proposal Regarding Civil Rights Audit	Shareholder Proposal Regarding Adoption of Targets to Achieve Net-zero Emissions by 2050
How you voted	Withhold	For, against management	For, against management
Rationale for the voting decision	<p>Glass Lewis recommended to vote for the resolution but Sustainalytics recommended against.</p> <p>Sustainalytics noted that Facebook is part of the Global Standards Engagement programme. In view of the company's unwillingness to engage on Privacy Breaches issues with Sustainalytics, they recommend voting against the election of the Chairman agenda item.</p>	<p>Given broad societal changes, it important for companies such as Apple, who heavily rely on customer and employee trust and loyalty, to address issues such as equity.</p> <p>Glass Lewis believe this to be of particular benefit to shareholders given that other similar companies have been significantly impacted by similar controversies, particularly surrounding racially-related issues, resulting in customer and employee attrition, bad press, fines, and other regulatory investigations.</p>	<p>It is in the benefit of shareholders to have a clear understanding of how companies are aligning their business strategy with the Paris Agreement in terms of strong commitments on carbon reduction. Costco does not currently disclose enterprise-wide GHG emission targets.</p> <p>The company has committed to publish scope 1, 2 and 3 emission reduction goals and action plan by the end of December 2022, after it collects more data to evaluate the feasibility and reliability of such targets. However, it is unclear if set targets will be in line with the net zero by 2050 standard. We encourage TCFD-aligned climate reporting to ensure the company is</p>

## TfL Pension Fund

			effectively addressing climate risk and to advance emissions tracking across portfolios, sectors and the economy.
<b>Outcome of the vote</b>	97.16% For, passed	53.55% For, passed	69.95% for, passed
<b>Implications of the outcome e.g. were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	Mark Zuckerberg controls approx. 56.9% of the Company's total voting power and as such shareholder proposals have not had success. Combined with the share structure, management are insulated from investor feedback.	The vote passed, which is a significant win for investors. More transparency on these issues will allow investors to better assess the Company's risk exposures and practices.	This is considered one of the first successful shareholder proposals that directly requests a company to set targets that includes emissions from its full value chain whilst achieving net-zero by 2050 or sooner.
<b>'Most Significant' criteria</b>	Importance of vote rationale	Importance of vote rationale	Importance of vote rationale
<b>Theme</b>	Governance	Social	Environmental
<b>Company name</b>	Costco Wholesale Corp	Microsoft Corporation	Toyota Industries Corporation
<b>Part of TfL portfolio</b>	TfL Segregated	TfL Segregated	TfL Segregated
<b>Date of vote</b>	20/01/2022	30/09/2021	10/06/2021
<b>Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)</b>	0.014%	0.307%	0.014%
<b>Summary of the resolution</b>	Elect Jeffrey S. Raikes	Shareholder Proposal Regarding Report on Effectiveness of Workplace Sexual Harassment Policies	Elect Tetsuro Toyoda
<b>How you voted</b>	Against, against management	For, against management	Against, against management
<b>Rationale for the voting decision</b>	Mr Raikes serves as chair of the nominating and governance committee. The Company has not provided any explicit disclosure on how the board will oversee environmental and social risks. Glass Lewis believe that boards should maintain a clear framework for monitoring material risks to a company's operation, which include social and environmental issues as insufficient oversight can present direct legal, financial, regulatory, and reputational risks, which can harm shareholders.	The Company's management of sexual harassment and discrimination claims could be in question, given ongoing claims made by employees; and A failure to adequately address matters related to sexual harassment and discrimination could result in significant difficulties attracting and retaining employees and, ultimately, in the erosion of shareholder value.	There are currently no women serving on the Company's board of directors or statutory auditors. Glass Lewis believes in the importance of diversity and that at least one woman should be appointed to either the board of directors or the board of statutory auditors.  The combined board of directors and board of statutory auditors does not have a sufficient number of independent members, which raises concerns about objectivity and independence.
<b>Outcome of the vote</b>	96.58% For, passed	77.97% For, passed	91.00% For, passed
<b>Implications of the outcome eg were there any lessons learned and what likely future steps will you take in response to the outcome?</b>	The vote passed, but objection to these practices will continue in future votes if the stock continues to be held by the Fund.	In 2019, the Company committed to a similar report following allegations of repeated harassment and discrimination, but a report has never been made publicly available. Following further allegations, this vote will ensure the board addresses these issues.	The vote passed, but objection to these practices will continue in future votes if the stock continues to be held by the Fund.
<b>'Most Significant' criteria</b>	Importance of vote rationale	Importance of vote rationale	Importance of vote rationale
<b>Theme</b>	Social, Environmental	Social	Governance



# TfL Pension Fund Investment Report (continued)

## Engagement

Voting can only go so far in representing an investor's view of a company and whether a company is deemed to be run in the best way it can. As a result of this, engagement is a key tool that the Fund uses, with its engagement partner Sustainalytics and the Fund's investment managers, in order to voice this view and work with companies for mutually beneficially change. Some cases can be seen below of engagements that took place within the year. Further cases can be seen in the Fund's Sustainable investing report, on pages 23-28.

### Case 1: Amazon

#### Background

Over the past several years, Amazon has experienced recurring health and safety issues at its operations. These include employee fatalities and serious physical injuries, which have occurred at rates that show a trend of deterioration in safety measures. There have also been allegations of poor and stressful working conditions that have negatively affected the mental condition of many of the company's warehouse workers.

#### Engagement Objective

Amazon should introduce appropriate improvements involving Health & Safety (H&S) policies and practices aligned with international standards, including proactively mitigating hazards and improving working conditions. The company should report on its Health & Safety performance and consider independent third-party verification of its management system.

#### Engagement Update

Case opened in February 2020. Amazon acknowledged the importance of workplace H&S during two conference calls in 2020 and reported notable investment in H&S management during the year. Further, Amazon's Global Human Rights Statement includes a formal commitment to health and safety. In May 2021, Sustainalytics began attempts to schedule a follow-up call to further the engagement. Amazon has expressed reticence at continuing the dialogue, but efforts continue on Sustainalytics' part to book a meeting. Once scheduled, it is hoped to focus on Amazon's existing disclosure, understanding how it has established a level of comfort with its management, such as key metrics it utilises, and how the company is prioritising aspects for disclosure.

### Case 2: Wizz Air

#### Background

Wizz Air is one of the fastest-growing airlines in Europe focusing on the Central and Eastern European region. Sustainalytics identifies that the company needs to improve on ESG risk assessment and disclosure.

#### Engagement Objective

Support the company in the development of a thorough ESG-risk management system. Improve transparency about policies, explain how these are implemented and report against global reporting standards, with a focus on environmental policies and product governance.

#### Engagement Update

This is a new engagement under the Material Risk programme that initiated in May 2020. The company has been generally interested to engage and brought several experts to the introductory call in 2020, to provide information, but also to learn about investor expectations. Further calls will be scheduled to follow up on issues discussed in the first call.

### Case 3: General Electric (GE)

#### Overview

GE is a stock where part of the investment opportunity came from the litany of material ESG issues that, once exposed to the market, contributed to the massive collapse in stock price. Remediating these ESG issues is part of the turnaround opportunity and the manager thinks that the current management team is best placed to return the business to profitability over time.

The manager's confidence in the current management teams comes in part from the extensive engagement they have had with them since becoming shareholders.

#### Environmental

The majority of business segment earnings comes from natural gas power generation. It is a cleaner alternative to coal and widely regarded as an important transition fuel for the foreseeable future. Turbine (i.e. energy) efficiency is one of the key performance metrics and GE has always performed well in this regard.

## TfL Pension Fund Investment Report (continued)

While GE does have a renewables business in the form of wind turbines, margin on the wind turbine business is lower than that for the gas turbines. Despite these challenges, GE has a growing share of the renewables market and the manager expects this to continue to increase.

### Governance

Allegations of accounting fraud and mispricing of insurance liabilities have weighed on stock price in recent years. While serious, these are legacy issues and the current management team had no part to play in these events and have already taken steps to address them.

The manager continues to advocate for enhanced oversight of accounting assumptions and making sure that senior management and the Board receive sufficient information to make informed business decisions. GE recently made the decision to bid out and subsequently change its incumbent auditor.

### Conclusion

Overall, it is the manager's assessment that the ESG issues are very real at GE, but a successful turnaround is dependent on management addressing them. Therefore, a return to profitability is well aligned with continued focus on ESG issues.

## 9. Approval of the Report of the Directors of the Trustee

The Compliance Statement on page 59 forms part of this Report of the Directors of the Trustee.

This Report was approved by the Board of Directors of TfL Trustee Company Limited on 8 July 2022 and was signed on their behalf by:

M Antoniou  
Director  
TfL Trustee Company Limited

PJ Murphy  
Director  
TfL Trustee Company Limited

# TfL Pension Fund

## Independent Auditor's Report to the Trustee of the TfL Pension Fund

### Opinion

We have audited the accounts of the TfL Pension Fund for the year ended 31 March 2022 which comprise the Fund Account, and the Statement of Net Assets (available for benefits) and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 1 in the accounts, which indicates that the Fund could be adversely impacted by the uncertainty as to the principal employer's ability to secure long-term funding to enable them to continue to support the Fund. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the accounts, we have concluded that the Fund's Trustee's use of the going concern basis of preparation of the accounts is appropriate.

Our responsibilities and the responsibilities of the Scheme's trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Fund's Trustee is responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Trustee

As explained more fully in the Trustee responsibilities statement set out on pages 8 and 9, the Trustee is responsible for the preparation of accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

# TfL Pension Fund

## Independent Auditor's Report to the Trustee of the TfL Pension Fund (continued)

### Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the accounts, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the accounts, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the accounts due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the environment, including the legal and regulatory framework that the Fund operates in and how the Fund is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the accounts may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the accounts are the Pensions Act 1995 and 2004 and regulations made under them and FRS 102, including the Financial Reports of Pension Schemes 2018 (the Pensions SORP).

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the accounts were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgements and estimates.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **TfL Pension Fund Independent Auditor's Report to the Trustee of the TfL Pension Fund (continued)**

## **Use of our report**

This report is made solely to the Fund's Trustee as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

**RSM UK Audit LLP**  
**Statutory Auditor**  
**Chartered Accountants**  
25 Farringdon Street,  
London, EC4A 4AB

8 July 2022

# TfL Pension Fund Fund Account

For the year ended 31 March 2022

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
<b><i>Dealings with members</i></b>					
Contributions receivable	3				
Employer		373,311		401,521	
Employee		71,567		70,100	
Individual transfers in from other schemes		1,136		457	
		<u>446,014</u>		<u>472,078</u>	
Benefits payable	4	(422,734)		(394,738)	
Payments to and on account of leavers	5	(4,418)		(4,854)	
Other payments	6	(5,606)		(5,193)	
Administrative expenses	7	(4,728)		(4,107)	
Pension levies	8	(15,981)		(15,412)	
		<u>(453,467)</u>		<u>(424,304)</u>	
<b><i>Net (costs)/ additions from dealings with members</i></b>			<b>(7,453)</b>		<b>47,774</b>
<b><i>Returns on investments</i></b>					
Investment income	9	119,697		117,232	
Change in market value of investments	11a	1,253,779		2,376,689	
Investment management expenses	12	(27,453)		(21,634)	
<b><i>Net returns on investments</i></b>			<b>1,346,023</b>		<b>2,472,287</b>
<b><i>Net increase in the fund during year</i></b>			<b>1,338,570</b>		<b>2,520,061</b>
<b><i>Net assets at beginning of year</i></b>			<b>13,101,879</b>		<b>10,581,818</b>
<b>Net assets at end of year</b>			<b>14,440,449</b>		<b>13,101,879</b>

The Notes on Pages 38 to 51 form part of these Accounts.

# TfL Pension Fund

## Statement of Net Assets (available for benefits)

As at 31 March 2022

	Note	2022 £'000	2021 £'000
<b><i>Investment assets</i></b>	11		
Bonds		686,766	721,688
Equities		3,140,260	3,272,515
Loans		357,357	341,360
Pooled investment vehicles	11b	9,308,673	7,895,882
Derivatives	11c	97,652	122,760
AVC investments		123,900	107,136
Cash and liquidity funds		756,896	625,275
Other investment balances		69,887	48,502
		<u>14,541,391</u>	<u>13,135,118</u>
<b><i>Investment liabilities</i></b>	11		
Derivatives	11c	(110,049)	(38,109)
Other investment balances		(28,132)	(36,726)
		<u>(138,181)</u>	<u>(74,835)</u>
<b><i>Total net investments</i></b>		<u>14,403,210</u>	<u>13,060,283</u>
<b><i>Fixed assets held for own use</i></b>	13	57	90
<b><i>Current assets</i></b>	14	62,045	63,243
<b><i>Current liabilities</i></b>	15	(24,863)	(21,737)
<b>Net assets at end of year</b>		<u>14,440,449</u>	<u>13,101,879</u>

The Notes on Pages 38 to 51 form part of these Accounts.

The Accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. The Accounts do not take account of the obligations to pay pensions and other benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on page 56 and these Accounts should be read in conjunction with that Report.

These Accounts were approved by the Board of Directors of the TfL Trustee Company Limited on 8 July 2022 and were signed on their behalf by:

M Antoniou  
Director  
TfL Trustee Company Limited

PJ Murphy  
Director  
TfL Trustee Company Limited

# TfL Pension Fund

## Notes to the Accounts

### 1. Basis of preparation

The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (SORP) (Revised 2018).

With the world learning to live with the Covid-19 virus, the UK Government has removed all Covid-19 restrictions. The ridership on TfL's network has increased but has yet to reach the pre-pandemic level. The latest Government support package for TfL was agreed in February 2022 covering the period from 26 February 2022 to 24 June 2022 and subsequently extended to 13 July 2022. Under this agreement, TfL received an extraordinary grant of £200m and benefited from a continuation of the revenue top-up mechanism, providing certainty of £1.818bn of passenger revenue over the period. This deal enabled TfL to maintain core transport services and support economic recovery, and the Government has explicitly committed to continuing to work with TfL on reaching a longer-term financial settlement beyond July 2022 and has confirmed its ongoing commitment to funding.

If the employer is unable to meet its obligations to the Pension Fund, there is a risk that the Pension Fund would enter into a Pension Protection Fund assessment period and therefore the Pension Fund would not be a going concern. However, on the basis of measures already seen in response to Covid-19 as noted above, the Trustee believes that either further budget cuts would be made or further funding from the Government would be forthcoming to the employer due to its critical role in the infrastructure of London transport.

Although the Trustee considers the position noted above means a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern, having considered funding matters, operational matters and the overall position of the Principal Employer, there is an expectation that the Fund will remain a going concern for the 12 months subsequent to the signing of these accounts. Therefore, the accounts have been prepared on a going concern basis.

### 2. Accounting policies

#### (a) Inclusion of income and expenditure

##### (i) Contributions

Employers' and Employees' contributions are accounted for in the period to which the corresponding pay relates. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedules of Contributions and Recovery Plan under which they are paid. Additional deficit reduction contributions are accounted for on the due date on which they are payable under the Pension Funding Agreement.

##### (ii) Transfers to and from other schemes

Transfer payments in respect of members transferred to and from the Fund during the year are included in the Accounts in accordance with the transfer agreement.

##### (iii) Benefits payable

Benefits payable are accounted for on the basis of entitlement during the year in accordance with the Rules of the Fund. Where a member has a choice about the form of their benefit, the benefit is accounted for when the member notifies the Trustee of his or her decision as to what form of benefit they will take.

##### (iv) Investment income

Dividends from quoted securities are credited to income when the investments are declared ex-dividend. Other investment income is accounted for on an accruals basis. Dividends and interest are grossed up for the amount of any taxation recoverable. Investment income arising from the underlying investments of pooled investment vehicles which is reinvested within the pooled investment vehicles is reflected in the unit price.

##### (v) Securities lending

The Fund's custodian is authorised to release securities to a third party under a securities lending arrangement.



## TfL Pension Fund

### Notes to the Accounts (continued)

(vi) *Investment management expenses*

Investment management expenses are accounted for on an accruals basis. Performance related investment management expenses are accounted for at the time they become due for payment under the terms of the appropriate Investment Management Agreement.

(vii) *Foreign currencies*

Balances denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Net Assets date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Differences arising on the translation of investment balances are accounted for in the change in market value of investments during the year.

(viii) *Additional voluntary contributions (AVCs)*

AVCs are accounted for on an accruals basis, in the same way as other contributions. The resulting investments are included in the net assets statement.

(ix) *Depreciation*

Expenditure on fixed assets held for own use has been capitalised to reflect the economic usefulness of the assets to the Fund. Depreciation of fixed assets held for own use is provided on a straight-line basis over their estimated useful lives which is 5 years for computer equipment and furniture.

#### (b) Investments

(i) Investments are included at fair value;

(ii) The majority of listed investments are stated at the bid price at the date of the Statement of Net Assets;

(iii) Fixed interest securities are stated at their clean prices (i.e. excluding accrued income). Accrued income is accounted for within investment income;

(iv) Pooled investment vehicles are stated at the bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the Investment Managers;

(v) Unquoted securities are included at fair value estimated by the Trustee based on the advice from the Investment Manager;

(vi) Loans are included at fair value estimated by the Trustee based on the advice from the Investment Manager;

(vii) Derivatives are stated at fair value.

- Exchange traded derivatives are stated at fair value determined using market quoted prices.
- Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
- Over the counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the year end date
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.
- Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

(viii) Short-term deposits are valued at cost at 31 March 2022 taking into account gains or losses on foreign currencies;

(ix) AVC investments are shown at the values advised by the AVC providers.

## TfL Pension Fund Notes to the Accounts (continued)

<b>3. Contributions receivable</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<i>Employers</i>		
Normal	300,563	304,192
Deficit funding	72,748	71,715
Additional contributions	-	25,614
	<u>373,311</u>	<u>401,521</u>
<i>Members</i>		
Normal	55,746	55,775
Additional Voluntary Contributions	15,821	14,325
	<u>71,567</u>	<u>70,100</u>
	<u>444,878</u>	<u>471,621</u>

Members' contributions are 5% of their contributory pensionable salary and are accounted for when deducted from members' pay. Employers' contributions are a multiple of the members' contributions, subject to fixed cash additions or deductions. Employer contributions are agreed between the Trustee, on the advice of the Actuary, and the Principal Employer following the actuarial valuation.

Following the completion of the latest triennial actuarial valuation as at 31 March 2021, no deficit reduction contributions are payable under the new Schedules of Contributions for the Public Sector Section certified by the Fund Actuary on 31 March 2022 and for the Composite Section certified by the Fund Actuary on 28 April 2022 effective from 1 April 2022 and 1 May 2022 respectively.

Following the previous valuation, for the Public Sector Section the funding shortfall of £603m as at 31 March 2018 was being met through contributions from 1 April 2019 until 31 May 2026 equal to 6.4% of the total of the relevant pay definition for all Members of the section, payable from 1 April 2020 to 31 May 2026. If deficit contributions in the Fund Year were less than £70m (increased by the Agreed Index) a top-up deficit contribution would be required. If deficit contributions in the Fund Year were more than £70m (increased by the Agreed Index) the excess may have been used to offset any top-up deficit contribution required in any subsequent Fund Year.

### 4. Benefits payable

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Pensions	333,560	323,063
Commutations and lump sum retirement benefits	86,778	69,495
Lump sum death benefits (net of those insured)	1,101	1,042
Taxation where lifetime or annual allowance exceeded	1,295	1,138
	<u>422,734</u>	<u>394,738</u>

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Fund in exchange for the Fund settling their tax liability.

### 5. Payments to and on account of leavers

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Individual transfers to other schemes	4,274	4,747
Refunds to members leaving service	144	107
	<u>4,418</u>	<u>4,854</u>

### 6. Other payments

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Premiums on term insurance policies	5,606	5,193

# TfL Pension Fund

## Notes to the Accounts (continued)

### 7. Administrative expenses

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
<i>Staff costs</i>				
Payroll	2,285		2,259	
Recruitment and training (incl. Trustee)	17		16	
		2,302		2,275
<i>Establishment costs</i>				
Accommodation	91		90	
Computer costs	379		466	
Telecommunications	-		14	
Depreciation	33		35	
		503		605
<i>Professional fees</i>				
Legal fees	413		333	
Audit fees	93		90	
Accountancy and tax fees	105		108	
Actuarial fees	548		282	
Medical fees	74		24	
Covenant review	121		68	
TfL Pensions review	230		-	
Other professional fees	21		32	
		1,605		937
<i>Communication</i>				
Distribution	139		144	
Printing	124		119	
		263		263
<i>Consumables</i>				
Stationery	4		4	
General	51		23	
		55		27
		<u>4,728</u>		<u>4,107</u>

Administrative expenses include recharges by Transport for London of £2,458,043 (2021: £2,328,332) for staff and other costs.

### 8. Pension levies

	2022 £'000	2021 £'000
Pension Protection Fund	15,710	15,190
Pension Regulator levies	271	222
	<u>15,981</u>	<u>15,412</u>

### 9. Investment income

	2022 £'000	2021 £'000
Income from bonds	19,075	20,460
Dividends from equities	47,526	42,876
Income from pooled investment vehicles	31,386	32,218
Income from loans	21,065	20,524
Expenses from derivatives	(676)	(197)
Interest on cash deposits	674	501
Income from securities lending	527	681
Other investment income	120	169
	<u>119,697</u>	<u>117,232</u>

# TfL Pension Fund

## Notes to the Accounts (continued)

### 10. Tax

TfL Pension Fund is a registered pension scheme for tax purposes under the Finance Act 2004. The Fund is therefore exempt from taxation except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate (see Note 9 above).

### 11. Investments

#### a) Reconciliation of investments held at beginning and end of year

	Value at 1 April 2021	Purchases at cost & derivative payments	Sale proceeds & derivative receipts	Change in Market Value	Value at 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Bonds	721,688	1,134,006	1,132,892	(36,036)	686,766
Equities	3,272,515	1,233,620	1,476,690	110,815	3,140,260
Loans	341,360	53,576	42,494	4,915	357,357
Pooled investment vehicles	7,895,882	1,570,044	1,292,465	1,135,212	9,308,673
Derivative contracts	84,651	20,982	112,804	(5,226)	(12,397)
Liquidity funds	224,767	1,702,480	1,572,944	34,986	389,289
AVC investments	107,136	15,829	8,178	9,113	123,900
	<u>12,647,999</u>	<u>5,730,537</u>	<u>5,638,467</u>	<u>1,253,779</u>	<u>13,993,848</u>
Cash deposits	400,508				367,607
Other investment assets	48,502				69,887
Other investment liabilities	(36,726)				(28,132)
<b>Total net investments</b>	<u>13,060,283</u>				<u>14,403,210</u>

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

#### b) Pooled investment vehicles (PIVs)

The Fund's holdings of PIVs are analysed below:

	2022 £'000	2021 £'000
Absolute Return funds	1,274,891	1,014,062
Equity funds	2,480,220	2,605,492
Fixed Interest funds	1,182,633	652,105
Private Equity funds and infrastructure funds	2,618,035	2,005,683
Property funds	265,946	231,710
Qualifying Investor fund (see below)	1,298,617	1,196,564
Reinsurance funds	188,331	190,266
	<u>9,308,673</u>	<u>7,895,882</u>

The Fund invests in a Qualifying Investor Fund with BlackRock Investment Management (UK) Limited, in which the Fund is the sole investor. A breakdown of the underlying investment classes held within this fund is shown below:

	2022 £'000	2021 £'000
Government Bonds	1,074,494	1,012,450
Network Rail Bonds	196,101	190,693
Options	17,776	19,643
Swaps	10,246	(26,222)
	<u>1,298,617</u>	<u>1,196,564</u>

## TfL Pension Fund Notes to the Accounts (continued)

### c) Derivatives

The Trustee has authorised the use of derivatives by some of their Investment Managers as part of the Fund's investment strategy. The main objectives for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

#### Total derivatives

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Swaps	24,730	(13,532)	19,665	(9,308)
Futures	45,485	(29,184)	19,876	(16,380)
Foreign exchange	26,626	(66,918)	82,765	(11,768)
Options	811	(415)	454	(653)
	<u>97,652</u>	<u>(110,049)</u>	<u>122,760</u>	<u>(38,109)</u>

#### Swaps

Swaps comprising interest rate swaps, credit default swaps, total return swaps and basis swaps have been implemented to hedge the interest rate risk as part of the Fund's investment strategy to enhance returns and facilitate efficient portfolio management. The Fund had derivative contracts outstanding at the year end relating to its fixed interest investment portfolio. These contracts are traded over the counter and exchange traded. The details are:

Nature	Nominal amount	Duration	Asset value at year end £'000	Liability value at year end £'000
Interest rate swaps	23,730,409	Expires less than 1 year	6	(77)
	246,974,175	Expires 1 to 5 years	4,181	(3,249)
	152,421,694	Expires 5 to 10 years	3,982	(5,014)
	6,691,772	Expires 10 to 15 years	180	(205)
	3,028,864	Expires 15 to 20 years	-	(307)
	4,976,662	Expires 25 to 30 years	43	(483)
Credit default swaps	19,614,165	Expires less than 1 year	33	(1)
	168,742,761	Expires 1 to 5 years	2,747	(23)
	428,280,546	Expires 5 to 10 years	5,946	(471)
	233,437,583	Expires 10 to 15 years	1,190	-
Total return swaps	275,149,740	Expires less than 1 year	6,416	(3,702)
Basis	20,187,590	Expires 1 to 5 years	6	-
<b>Total 2022</b>			<u>24,730</u>	<u>(13,532)</u>
<i>Total 2021</i>			<u>19,665</u>	<u>(9,308)</u>

At the end of the year the Fund held collateral of £44.8m (2021 : £34.2m) in respect of swaps.

## TfL Pension Fund Notes to the Accounts (continued)

### c) Derivatives (continued)

#### Futures

The Fund had exchange-traded UK and overseas bond index futures outstanding at the year end as follows:

Nature	Nominal amount	Duration	Asset value at year end £'000	Liability value at year end £'000
Commodities	368,033,850	Expires under 1 year	36,165	(24,419)
Equity	18,721,602	Expires under 1 year	477	(281)
Treasury	431,264,448	Expires under 1 year	5,264	(4,481)
Swap	535,129,875	Expires under 1 year	1,944	(3)
Swap	208,319,935	Expires 1 to 5 years	1,537	-
Diversified Financials	21,643,440	Expires under 1 year	98	-
<b>Total 2022</b>			<b>45,485</b>	<b>(29,184)</b>
<i>Total 2021</i>			<i>19,876</i>	<i>(16,380)</i>

At the end of the year the Fund held collateral of £39.0m (2021: £41.1m) in respect of futures.

#### Foreign exchange

In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investment to a targeted level.

The Fund had open foreign exchange contracts at the year end as follows:

Contract	Settlement date	Currency bought	Currency sold	Asset value at year end £'000	Liability value at year end £'000
Forward OTC	1 month	Various	Various	6,026	(34,758)
Forward OTC	2 months	Various	Various	8,230	(7,326)
Forward OTC	3 months	Various	Various	6,228	(2,640)
Forward OTC	4 months	Various	Various	1,258	(13,222)
Forward OTC	5 months	Various	Various	1,320	(8,882)
Forward OTC	6 months	Various	Various	3,564	(90)
<b>Total 2022</b>				<b>26,626</b>	<b>(66,918)</b>
<i>Total 2021</i>				<i>82,765</i>	<i>(11,768)</i>

## TfL Pension Fund Notes to the Accounts (continued)

### c) Derivatives (continued)

#### Options

Type of Option	Nominal amount	Duration	Asset value at year end £'000	Liability value at year end £'000
Call OTC	175,051,629	Expires under 1 year	670	
Put OTC	22,083,726	Expires under 1 year		(415)
Call OTC	64,709,656	Expires 1 to 5 years	72	
Call OTC	5,260,000	Expires 10 to 15 years	69	
<b>Total 2022</b>			<u>811</u>	<u>(415)</u>
<i>Total 2021</i>			<u>454</u>	<u>(653)</u>

### d) AVC investments

During the year Legal & General, Clerical Medical and Standard Life had delegated responsibility for the investment and administration of the Fund's Additional Voluntary Contribution (AVC) plan. Members' contributions are deducted from their pay by the employers and are paid to the providers via the Fund Office, where they are invested on behalf of the individuals concerned and in accordance with their instructions to provide additional benefits, within the Fund limits. Each member contributing to the AVC plan receives an annual benefit statement of their account. The aggregate amounts of AVC investments at the year end are as follows:

	2022 £'000	2021 £'000
Legal & General	120,331	103,144
Clerical Medical (legacy)	3,289	3,670
Standard Life (legacy)	280	322
	<u>123,900</u>	<u>107,136</u>

### e) Transaction costs

Included within purchases and sales are direct transaction costs of £2,086,000 (2021: £1,828,000) comprising commissions, fees and stamp duty. These costs are attributable to the key asset classes as follows:

	Commission £'000	Fees and Stamp Duty £'000	Total £'000
<b>2022</b>			
Equities	1,299	787	2,086
Bonds	-	-	-
<b>2021</b>			
Equities	1,054	774	1,828
Bonds	-	-	-

## TfL Pension Fund Notes to the Accounts (continued)

### f) Investment fair value hierarchy

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1: the unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 which are observable (ie developed using market data) for the asset or liability, either directly or indirectly;

Level 3: inputs which are unobservable (ie for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Fund's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	Level 1	Level 2	Level 3	Total
At 31 March 2022	£'000	£'000	£'000	£'000
Bonds	6,097	680,669	-	686,766
Equities	2,861,053	-	279,207	3,140,260
Loans	-	-	357,357	357,357
Pooled investment vehicles	769,255	3,675,737	4,863,681	9,308,673
Derivatives	24,962	(40,292)	2,933	(12,397)
Liquidity funds	389,289	-	-	389,289
AVC investments	-	121,190	2,710	123,900
Cash	367,607	-	-	367,607
Other investment balances	41,755	-	-	41,755
	<u>4,460,018</u>	<u>4,437,304</u>	<u>5,505,888</u>	<u>14,403,210</u>

	Level 1	Level 2	Level 3	Total
At 31 March 2021	£'000	£'000	£'000	£'000
Bonds	7,031	714,657	-	721,688
Equities	3,047,641	-	224,874	3,272,515
Loans	-	-	341,360	341,360
Pooled investment vehicles	218,674	3,669,867	4,007,341	7,895,882
Derivatives	7,279	4,412	72,960	84,651
Liquidity funds	224,767	-	-	224,767
AVC investments	-	103,883	3,253	107,136
Cash	400,508	-	-	400,508
Other investment balances	11,776	-	-	11,776
	<u>3,917,676</u>	<u>4,492,819</u>	<u>4,649,788</u>	<u>13,060,283</u>



# TfL Pension Fund

## Notes to the Accounts (continued)

### g) Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out as follows:

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Fund's exposures to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Fund.

#### (i) Credit risk

The Fund is subject to credit risk as it invests in bonds, OTC derivatives, has cash balances, undertakes stock lending activities and enters into repurchase agreements. The Fund also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Analysis of direct credit risk

	Investment grade	Non- investment grade	Unrated	Total
At 31 March 2022	£'000	£'000	£'000	£'000
Bonds*	1,956,067	38,522	22,741	2,017,330
Loans	-	-	357,357	357,357
OTC Derivatives	(9,337)	-	-	(9,337)
Cash	792,134	-	-	792,134
Other investment balances	17,866	510	320	18,696
Stock lending	456,001	-	-	456,001
Repos	126,468	-	-	126,468
Time deposits	34,161	-	-	34,161
PIVs	-	-	8,010,057	8,010,057
	<u>3,373,360</u>	<u>39,032</u>	<u>8,390,475</u>	<u>11,802,867</u>

\* This includes bonds held in the Qualifying Investor Fund.

## TfL Pension Fund Notes to the Accounts (continued)

### g) Investment risks (continued)

	<i>Investment grade</i>	<i>Non- investment grade</i>	<i>Unrated</i>	<i>Total</i>
<i>At 31 March 2021</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Bonds*</i>	1,878,316	38,728	31,324	1,948,368
<i>Loans</i>	-	-	341,360	341,360
<i>OTC Derivatives</i>	59,678	-	-	59,678
<i>Cash</i>	640,483	-	-	640,483
<i>Other investment balances</i>	210	461	488	1,159
<i>Stock lending</i>	450,975	-	-	450,975
<i>Repos</i>	25,263	-	-	25,263
<i>Time deposits</i>	725	-	-	725
<i>PIVs</i>	-	-	6,699,318	6,699,318
	<u>3,055,650</u>	<u>39,189</u>	<u>7,072,490</u>	<u>10,167,329</u>

\* This includes bonds held in the Qualifying Investor Fund.

The Fund has indirect credit risk which arises in relation to underlying investments held in the bond pooled investment vehicles of £1,182.6m (2021: £652.1m).

A summary of pooled investment vehicles by type of arrangement is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Open ended investment fund	3,129,585	3,112,902
Qualifying Investor Fund	1,298,617	1,196,564
Closed ended investment companies	1,493,008	698,892
Open ended investment companies	1,070,724	938,680
Shares of limited partnerships	860,317	685,672
Unit trusts	660,278	684,620
Shares of limited companies	57,444	81,311
Closed ended investment funds	539,980	367,875
Shares of listed REIT	12,421	-
Other	186,299	129,366
	<u>9,308,673</u>	<u>7,895,882</u>

#### (ii) Currency risk

The Fund is subject to currency risk because some of the Fund's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. The Trustee limits overseas currency exposure through a currency hedging policy.

#### (iii) Interest rate risk

The Fund is subject to interest rate risk on the LDI investments comprising bonds and interest rate swaps held either as segregated investments or through pooled vehicles and cash.

#### (iv) Other price risk

Other price risk arises principally in relation to the Fund's return seeking portfolio which includes directly held equities, equities held in pooled vehicles, equity futures, hedge funds, private equity and investment properties.

The Fund manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

The Fund has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's Report. The Trustee manages investment risks, including credit risk and market risk, within agreed limits which are set taking into account the Fund's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Fund's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

# TfL Pension Fund

## Notes to the Accounts (continued)

### g) Investment risks (continued)

The following table summarises the extent to which the various classes of investments are affected by financial risks:

	Market risk			2022	2021
	Currency	Interest rate	Other price	£'000	£'000
Bonds	●	●	○	686,766	721,688
Equities	●	○	●	3,140,260	3,272,515
Loans	●	●	○	357,357	341,360
Pooled investment vehicles				9,308,673	7,895,882
Direct	●	●	○		
Indirect	○	●	●		
Derivative contracts	●	●	●	(12,397)	84,651
Liquidity funds	●	○	○	389,289	224,767
AVC investments	●	●	●	123,900	107,136
Cash deposits	●	○	○	367,607	400,508
Other investments	●	○	○	41,755	11,776
<b>Total</b>				<b>14,403,210</b>	<b>13,060,283</b>

In the above table, the risk noted affects the asset class [●] significantly, [●] partially or [○] hardly/not at all.

### h) Securities lending

The Fund lends certain fixed interest and equity securities under a Trustee approved securities lending programme. As at 31 March 2022 £456.0m of investments were loaned comprising £335.7m Overseas equities, £101.4m Overseas fixed interest securities, £11.5m UK equities and £7.4m UK fixed interest securities. Collateral of £476.9m was held as at 31 March 2022 in the form of cash of £160.8m and non-cash of £316.1m (2021: £450.9m loaned against £480.8m collateral).

### i) Self investment

There were no employer-related investments at any time during the year ended 31 March 2022.

### j) Commitments

At the 31 March 2022 the Fund had contractual commitments of £1,358.4m (2021 £919.0m) to pay calls on outstanding drawdowns for alternative investments in pooled investment vehicles, unquoted equities and loans.

### k) Concentration of investments

The concentration of investments is disclosed on page 17 of the Investment report.

### l) Sole Investor

The Fund invests in a number of pooled investment vehicle in which it is the sole investor, the aggregated investment position of these sole investor funds is summarised below:

Fixed income £368.5m (2021: £339.0m), Reinsurance £188.3m (2021: £190.3m) and Absolute Return £436.5m (2021: £nil).

This was previously disclosed in the investment report only.

## 12. Investment management expenses

	2022	2021
	£'000	£'000
Administration, management and custody	26,597	20,866
Performance measurement services	179	143
Other advisory services	677	625
	<u>27,453</u>	<u>21,634</u>

The total investment management expenses incurred during the year was £72.3m (2021: £60.7m) of which only £27.5m (2021: £21.6m) was remitted; the balance was deducted as part of the daily pricing of the individual asset portfolios.

# TfL Pension Fund

## Notes to the Accounts (continued)

### 13. Fixed assets held for own use

	Computer equipment £'000	Furniture £'000	Total £'000
<i>Cost at 1 April 2021</i>	699	26	725
Additions	-	-	-
Disposals	-	(10)	(10)
<b><i>Cost at 31 March 2022</i></b>	<b>699</b>	<b>16</b>	<b>715</b>
<i>Accumulated depreciation at 1 April 2021</i>	(609)	(26)	(635)
Depreciation charge for the year	(33)	-	(33)
Depreciation on disposals	-	10	10
<b><i>Accumulated depreciation at 31 March 2022</i></b>	<b>(642)</b>	<b>(16)</b>	<b>(658)</b>
<b>Net book value at 1 April 2021</b>	<b>90</b>	<b>-</b>	<b>90</b>
<b>Net book value at 31 March 2022</b>	<b>57</b>	<b>-</b>	<b>57</b>

### 14. Current assets

	2022 £'000	2021 £'000
<i>Debtors</i>		
Prepayments and accrued income	37,769	34,943
<i>Cash balances</i>	24,276	28,300
	<b>62,045</b>	<b>63,243</b>

Accrued income includes contributions of £28.5m (2021 £24.6m) received in accordance with the Schedule of Contributions after the year end.

### 15. Current liabilities

	2022 £'000	2021 £'000
<i>Creditors</i>		
Unpaid benefits	15,425	12,773
Accrued expenses and deferred income	8,437	8,306
	<b>23,862</b>	<b>21,079</b>
<i>Unpresented items</i>	1,001	658
	<b>24,863</b>	<b>21,737</b>

Unpresented items are payments submitted and cheques drawn but not presented for payment by 31 March 2022. Interest is not payable on these sums.

### 16. Contingent Liability

On 26 October 2018, the High Court ruled that Guaranteed Minimum Pension (GMP) benefits provided to members of pension schemes must be recalculated to reflect equalisation requirements between 17 May 1990 and 6 April 1997. As a result of the ruling, the Trustee of the Fund will need to equalise GMPs between men and women. A further High Court ruling on 20 November 2020 confirmed that this requirement extends to the calculation of cash equivalent transfer values paid from pension schemes such as the Fund prior to the 2018 ruling.

At this point in time a method of equalisation for the Fund has not yet been agreed by the Trustee and the Company, and there remain a number of areas where further industry guidance is awaited, or legal uncertainties remain. The Trustee expects to further consider the approach to be taken during 2022/23.

The Trustee has carried out initial liability estimates in relation to GMP equalisation which indicates the overall Fund liabilities will not increase by more than 0.5%. As a result, the expected backdated corrective payments are deemed not material to these accounts. The Trustee will include the amounts once they can be reliably estimated or in the year of payment.

# TfL Pension Fund

## Notes to the Accounts (continued)

### 17. Related parties

The Fund has received contributions in respect of Directors of the Trustee who are also members of the Fund. The Fund has paid benefits to Directors of the Trustee who are also beneficiaries of the Fund.

Transport for London (TfL) pays administration expenses on behalf of the Fund and subsequently recharges these to the Fund. Administrative expenses recharged by TfL during the year end were £2,458,043 (2021: £2,328,332) and are included in Note 7 on page 41. At 31 March 2022, £513,215 (2021: £813,933) has been included in creditors in respect of administration expenses rechargeable to the Fund and a balance due to TfL.

All of the above transactions are in accordance with the Trust Deed and Rules of the Fund.

## TfL Pension Fund Summary of Contributions

The Fund's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund and the dates on or before which such contributions are to be paid. The Fund's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Fund and for procuring that contributions are made to the Fund in accordance with the Schedules.

### Trustee's Summary of Contributions payable under the Schedules in respect of the fund year ended 31 March 2022

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Fund's Trustee. It sets out the employer and member contributions payable to the Fund under the schedules of contributions; for the Public Sector Section certified by the Fund Actuary on 22 March 2019 and for the Composite Section certified by the Fund Actuary on 8 April 2019, in respect of the Fund year ended 31 March 2022. The new Schedules of contributions for the Public Sector Section certified by the Fund Actuary on 31 March 2022 and for the Composite Section certified by the Fund Actuary on 28 April 2022 are effective from 1 April 2022 and 1 May 2022 respectively. The Fund auditor reports on contributions payable under the schedules in the Auditor's statement about contributions.

Contributions payable under the schedules in respect of the Fund year	£'000
<i>Employers</i>	
Normal contributions	300,563
Deficit funding	72,748
<i>Members</i>	
Normal contributions	55,746
<b>Contributions payable under the schedules (as reported on by the Fund auditor)</b>	<u>429,057</u>
<b>Reconciliation of contributions payable under the schedules of contributions reported in the Accounts in respect of the Fund year</b>	
	<b>£'000</b>
Contributions payable under the schedules (as above)	429,057
Contributions payable in addition to those due under the schedules (and not reported on by the Fund auditor)	
Additional employer contributions	-
Member additional voluntary contributions	15,821
<b>Total contributions reported in the accounts</b>	<u>444,878</u>

This Report was approved by the Board of Directors of the TfL Trustee Company Limited on 8 July 2022 and was signed on their behalf by:

M Antoniou  
Director  
TfL Trustee Company Limited

PJ Murphy  
Director  
TfL Trustee Company Limited

## TfL Pension Fund Actuary's Certificates

Pages 54 to 55 contain a formal certificate for each section provided by the Fund Actuary to the effect that, in his opinion:

- When the certificates were given, the contributions shown in the section's schedule of contributions were expected to be sufficient to meet the "statutory funding objective" by the end of the period covered by the schedule;
- The schedule is consistent with the section's Statement of Funding Principles.

The "statutory funding objective" is that the value of the section's assets is at least equal to the value of its past service liabilities assessed as described in the section's Statement of Funding Principles.

## TfL Pension Fund

### Actuary's certification of schedule of contributions

Name of section: TfL Pension Fund – Composite Section

#### Adequacy of rates of contributions

- I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2021 to continue to be met for the period for which the schedule is to be in force.

#### Adherence to statement of funding principles

- I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 28 April 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Section's liabilities by the purchase of annuities, if the Section were to be wound up.



G M Oxtoby  
Fellow of the Institute and Faculty of Actuaries

Date 28 April 2022

Towers Watson Limited, a  
WTW company  
Watson House  
London Road  
Reigate  
Surrey  
RH2 9PQ



# TfL Pension Fund

## Actuary's certification of schedule of contributions

Name of section: TfL Pension Fund – Public Sector Section

### Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2021 to continue to be met for the period for which the schedule is to be in force.

### Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 31 March 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Section's liabilities by the purchase of annuities, if the Section were to be wound up.



G M Oxtoby  
Fellow of the Institute and Faculty of Actuaries

Date 31 March 2022

Towers Watson Limited, a  
WTW company  
Watson House  
London Road  
Reigate  
Surrey  
RH2 9PQ

# TfL Pension Fund

## Report on Actuarial Liabilities (forming part of the Trustee's report)

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to base on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee Board and the Employer and set out in the Statement of Funding Principles, which is available to Fund members on request.

The most recent full actuarial valuation of the Fund was carried out as at 31 March 2021. This showed that on that date:

The value of the Technical Provisions for the Public Sector section (PSS) was £12,906m and for the Composite section was £11.12m.

The value of the assets at that date was: £13,085m for the Public Sector section and £16.48m for the Composite section.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

### Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

### Significant actuarial assumptions

#### Discount interest rate to value technical provisions:

Public Sector section = Term dependent discount rate trending from a real rate\* of 0.9% per annum to 0.6% per annum over 7 years from 1 April 2021.

Composite section = In service, a term dependent discount rate trending from a real rate\* of -1.57% per annum to -2.14% per annum over 7 years from 1 April 2021. The PSS discount rate is used post-transfer to the PSS.

\*real rates shown are compounded with assumed RPI inflation to obtain nominal discount rates

**Future retail price inflation (RPI):** Gilt market-implied RPI inflation curve

**Future consumer price inflation (CPI):** RPI inflation curve, less 1.0% pa before 2030 (no adjustment thereafter)

**Pension increases (non-GMP):** based on RPI inflation adjusted for caps and floors as appropriate, with single-equivalent rates of

Existing Members: 3.5% pa in deferment, 3.5% pa in payment

New Members: 3.3% pa in deferment, 3.1% pa in payment

**Pay increases:** general increases in line with the assumed rate of future retail price inflation (RPI)

**Mortality** – current assumed mortality rates in deferment and in payment are based on standard 'S3' tables with different tables and different scaling factors adopted for males and females, and for members retiring in normal health or ill-health respectively. Allowance is made for improvements in longevity after 2021 in line with the CMI 2020 core projection model with an assumed long-term mortality improvement trend of 1.5% per annum.

# **TfL Pension Fund Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the TfL Pension Fund**

## **Statement about contributions payable under schedule of contributions**

We have examined the summary of contributions payable to the TfL Pension Fund on page 52, in respect of the Fund year ended 31 March 2022.

In our opinion the contributions for the Fund year ended 31 March 2022 as reported in the summary of contributions on page 52 and payable under the schedules of contributions have in all material respects been paid for the Public Sector Section at least in accordance with the schedule of contributions certified by the Fund Actuary on 22 March 2019 and for the Composite Sector Section at least in accordance with the schedule of contributions certified by the Fund Actuary on 10 April 2019.

## **Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 52 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the schedules of contributions.

## **Respective responsibilities of trustee and auditor**

As explained more fully on page 52, the Fund's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised schedules of contributions showing the rates and due dates of certain contributions payable towards the Fund by or on behalf of the employer and the active members of the Fund. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Fund and for monitoring whether contributions are made to the Fund by the employer in accordance with the schedules of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

## **Use of our statement**

This statement is made solely to the Fund's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

**RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants**

25 Farringdon Street,  
London,  
EC4A 4AB

8 July 2022

## TfL Pension Fund Participating Employers' Unit Holdings and Asset Values Statement

Historically the Fund is structured into a series of financially segregated sections, with the Public Sector section providing benefits for public sector employees and all pensioners and deferred pensioners, and individual sections for each of the private sector employees. The Fund's main investment portfolio is unitised for accounting purposes. The participating employers' unit entitlements and unit values as determined under Rule 2C of the Fund are shown below.

	Equity Fund			
	As at 31 March 2022		As at 31 March 2021	
	Units	£'000s	Units	£'000s
<b>Participating Employer</b>				
Public Sector Section	1,284,151,558	5,422,988	1,452,953,022	5,781,269
Composite section	2,778,254	11,733	2,974,139	11,834
	<u>1,286,929,812</u>	<u>5,434,721</u>	<u>1,455,927,161</u>	<u>5,793,103</u>

The Equity Fund unit price at the year end was £4.22 (2021 £3.98)

	Bond Fund			
	As at 31 March 2022		As at 31 March 2021	
	Units	£'000s	Units	£'000s
<b>Participating Employer</b>				
Public Sector Section	633,203,030	2,096,508	486,064,428	1,601,350
Composite section	1,391,763	4,608	1,410,799	4,648
	<u>634,594,793</u>	<u>2,101,116</u>	<u>487,475,227</u>	<u>1,605,998</u>

The Bond Fund unit price at the year end was £3.31 (2021 £3.29)

	Alternative and Liability Driven Assets Fund			
	As at 31 March 2022		As at 31 March 2021	
	Units	£'000s	Units	£'000s
<b>Participating Employer</b>				
Public Sector Section	3,021,216,036	6,585,210	2,872,175,132	5,312,485
	<u>3,021,216,036</u>	<u>6,585,210</u>	<u>2,872,175,132</u>	<u>5,312,485</u>

The Alternative Liability Driven Assets Fund unit price at the year end was £2.18 (2021 £1.85)

	31 March 2022	31 March 2021
	£'000s	£'000s
Equity Fund	5,434,721	5,793,103
Bond Fund	2,101,116	1,605,998
Alternative and Liability Driven Assets Fund	6,585,210	5,312,485
Other (non unitised assets allocated to Public Sector)	319,402	390,293
<b>Total Net Assets at end of year</b>	<u>14,440,449</u>	<u>13,101,879</u>

# TfL Pension Fund Compliance Statement

## 1. Fund Advisers

There are written agreements in place between the Trustee and each of the Fund advisers listed on Page 3 of this report and also with the Principal Employer.

## 2. Transfers

All transfer values paid to or received from other pension schemes were calculated using formulae agreed by the Fund Actuary and in accordance with statutory regulations. No transfers were made at less than their cash equivalent.

## 3. Changes to the Fund's advisers

There were no changes to the Fund's advisers during the year.

## 4. Pension Tracing Service

To help members of pension schemes trace past pension rights, the Department for Work and Pensions (DWP) has set up the Pension Tracing Service. The Fund is registered with the Pension Tracing Service and the registration number is 101653517.

The Pension Tracing Service can be contacted at:

Pension Tracing Service  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU  
Telephone 0800 731 0193

You cannot currently request contact details by post because of coronavirus.

Web address : <https://www.gov.uk/find-pension-contact-details>

## 5. Money and Pensions Service

The Money and Pensions Service (MaPS) brings together three respected financial guidance bodies: the Money Advice Service, The Pensions Advisory Service and Pension Wise. MaPS is an arm's length body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice.

For general enquiries, please contact:

[contact@maps.org.uk](mailto:contact@maps.org.uk)  
Telephone 01159 659570

## 6. Complaints Procedure

In the event of a complaint from a member or beneficiary of the Fund, every effort will be made to fully investigate and resolve it on an informal basis. In the event that a complaint cannot be satisfactorily resolved, the Fund has an Internal Disputes Resolution Procedure, a copy of which is available from the Secretary to the Trustee.

Should any complaint still remain unresolved after using this procedure, it may be referred to the Pensions Ombudsman as follows:

### *Pensions Ombudsman*

The Pensions Ombudsman was appointed to resolve issues and disputes that may arise between schemes and their members. The Ombudsman has powers similar to those of a County Court. The Ombudsman can be contacted at the same address as TPAS and has a separate telephone number:

Telephone 020 7630 2200



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## For further help or information

Please contact the Fund Office (details below) if you have any questions or feedback about the Report & Accounts.

TfL Pension Fund  
4th Floor  
200 Buckingham Palace Road  
London  
SW1W 9TJ

**Telephone: 020 7126 4000**

**Email: [helpdesk@tflpensionfund.co.uk](mailto:helpdesk@tflpensionfund.co.uk)**

**Website: [www.tfl.gov.uk/pensions](http://www.tfl.gov.uk/pensions)**

### Pension Web Portal

If you have not already done so why not register today?

To Register, please visit [www.pensions.tfl.gov.uk](http://www.pensions.tfl.gov.uk) you will need your e-mail address, Pension Fund Member number and your National Insurance number, you will also need to key in other details about yourself such as your name and date of birth.

Once registered you will be able to:

- View payslips (pensioners only)
- View P60s (pensioners only)
- View benefit statements
- Run retirement calculations (active and deferred members only)
- Update your address (pensioners and deferred members only)
- Submit and track the progress of general enquiries to the Fund Office

We have published a Pension Web Portal user guide on the Pension Fund website which includes step by step the process to register.

### Pension Fund Website

Pensions can be complicated. For more information, visit our website for a comprehensive look at the benefits provided by the TfL Pension Fund. It makes things as clear as possible so that you can understand your benefits and options, no matter what you have planned for the future.