

## **TfL Pension Consultative Council (PCC)**

### **Summary of minutes of Meeting 128 held on the 13 July 2023**

#### **Administration Report for Quarter ended 31 March 2023**

The PCC noted the service provider's report to the Trustee of the TfL Pension Fund.

#### **Report of Trustee Board Meeting held June**

##### **Summary of Paul Kilius-Smith's Update on Trustee Board Meetings for the Quarter:**

Two representatives from tPR attended the Trustee meetings as observers for governance oversight.

The funding level of the Fund remain in a healthy position however, other factors and new regulations may affect the final outcome at the 2024 valuation.

No update had been received from the Government on TfL's questions since October 2022 regarding the TfL Pensions Review.

The Statement of Investment Beliefs was completed to guide the Trustees in their investment decisions, with a particular focus on understanding liquidity risk. The Task Force on Climate-related Disclosures (TCFD) was further developed, now including information on climate change risks. Fossil Fuel Divestment: The Investment Committee discussed divesting from fossil fuels in the extractives sector (representing around 0.3% of the Fund's investments). However, the decision was postponed for further analysis.

The Alternatives & Liability Hedging Committee agreed on a new investment of \$180 million in Brevan Howard's Co-Investment Program.

The Internal Disputes Resolution Procedure (IDRP) had been reviewed. The Triage Service was progressing and expected to improve member service by the end of the year. A new website for the Fund was demonstrated to enhance member access to information.

The GLA in a recent report had made 18 recommendations, including those related to investments in London. However, the Fund rejected the recommendation to focus more on London-based investments, as the Fund already aimed for diversification and did not wish to make politically motivated investments. Stephen Field confirmed a formal response had been issued.

Paul Kilius-Smith confirmed in response to a question that the GLA could not impose any changes on the Pension Fund without primary legislation.

The merit-based process for Trustee appointments was reaffirmed, though some Councillors raised concerns about increasing diversity and accessibility in the nomination process.

The update focused on maintaining the Fund's strong financial position while also ensuring governance and operational improvements. It emphasised the Fund's commitment to diversified, non-political investments, its ongoing response to external recommendations, and efforts to address member service issues through innovations like the Triage Service and a new website. Additionally, discussions highlighted the challenges related to EDI and the Government's lack of response on key pension-related issues.

#### **TfLPF Net Zero Policy**

After considering all points, the PCC agreed to send a representation to the Trustees. The Chair indicated that he was willing to sign the letter if the Councillors agreed, although he cautioned that the response might not align with their expectations. The Net Zero plan was recognised as a work in

progress, and while there was a commitment while there was alignment on the end goal of achieving Net Zero, the conversation revealed the complexities involved, including the need for better data, clearer metrics, and a more comprehensive and transparent plan to guide the Fund's actions moving forward.

### **Trustee News Update**

The Committee had no comments for the news update.

### **Pensioners Forum Minutes for meeting held on 9 May 2023**

Minutes were noted.