

ANNUAL REPORT & ACCOUNTS for the year to 31 March 2025



Notice for the visually impaired

Copies of this guide in large type and in a text-only format are available from the Fund Office. Please write to TfL Pension Fund, 8th Floor, Palestra, 197 Blackfriars Road, London SE1 8NJ, or email the Fund Office at helpdesk@tflpensions.co.uk

TfL Pension Fund

Report and Accounts for the year to 31 March 2025

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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 2025

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	Senior Trains Delivery Manager, Train Operations Jubilee & Northern (TfL)
Ms T Ashton	Director Rail and Sponsored Services, Transport for London (TfL)
Mr FE Brennan	District Organiser, ASLEF (ASLEF)
Mr LP Brown	Service Performance Manager, Transport for London (Unite the Union (T&GWU))
Mr T Cunningham	Head of Logistics and Manufacturing (TfL)
Mr SW Ellaby	Assistant SHE Assurance Manager, Analysis & Direction, Transport for London (TSSA)
Mr MA Evers	Chief Customer Officer, Transport for London (TfL)
Mr P Kilius-Smith	Pensioner (PCC)
Mr J Leach	Senior Assistant General Secretary, RMT (RMT)
Mr CA Miller	Pensioner (PCC)
Mr D Moore	Contract Advisor, Transport for London (PCC)
Mr PJ Murphy	Train Instructor, Northfields, London Underground Limited (PCC)
Ms R O'Donnell	Senior Investment Appraisal Manager (Places for London), Transport for London (TfL)
Mr C Reader	Head of Commercial Media, Transport for London (TfL)
Mr J Terry	Head of SHE Business Partnering, Chief Capital Office, Engineering and Asset Strategy, Transport for London (TfL)
Mr J Thirlby	Head of Financial Planning & Investment (Places for London), 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 2025 (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
 Augment Brazil I, LP
 BlackRock Investment Management (UK) Limited
 Blackstone
 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
 Equilibrium Capital Group LLC
 Euler ILS Partners Ltd (formerly Credit Suisse AG)
 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

Date of Appointment

3 July 2017
 26 October 2022
 1 September 2014
 19 September 2024
 1 August 2017
 18 February 2013
 2 November 2005
 28 January 2022
 11 September 2013
 15 December 2009
 24 July 2013
 3 December 2020
 9 December 2015
 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 for the year ended 31 March 2025. A key achievement this year has been the completion of the 31 March 2024 triennial actuarial valuation well in advance of the 30 June 2025 deadline. The valuation results show the Fund to be in surplus as at 31 March 2024 and as a result the Trustee agreed with the employer that there should be an element of derisking of the Fund's investments. While derisking can lead to lower overall returns, it also reduces the impact of any downturn in investments and, overall, the resulting reduced volatility is a good thing for both members and the Principal Employer.

Liquidity and cash management has continued to be a critical area of focus for the Trustee this year as markets and economies worldwide are becoming more volatile and unpredictable driven by geopolitical tensions, de-globalisation and diverging monetary and fiscal policies in the countries in which the Fund invests.

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 previously reported, a condition of Government Funding provided during and immediately after the COVID pandemic was that TfL were required to undertake a review of the Pension Fund, with consultation on any changes proposed to commence no later than 1 July 2024. TfL in their latest update confirmed that the pension condition had been met and as a result there are no plans being developed or actively considered by TfL to change the Fund.

With a membership of over 85,000, the day-to-day administration of the Fund is a significant undertaking. Over the course of the year we have seen a further increase in workload volumes, 101,000 tasks were completed by the Fund Office during the year and they managed to achieve service level agreement targets of 96.6% for the year. The Trustee continues to consider opportunities to enhance the member service proposition.

The Alternatives and Liability Hedging Committee and the Investment Committee played a vital role in delivering a strong funding position for the year. They continued to cement this position through constructive challenge and oversight of a globally diversified and complex portfolio of equities, bonds, and alternative investments. These efforts took place amidst a challenging geopolitical backdrop marked by economic uncertainty and shifting market dynamics.

The Committees maintained a firm emphasis on sustainability and Net Zero commitments, ensuring these priorities were integral to the Fund's strategy. In December 2024, the Fund published its seventh Sustainability Report, showing the trajectory towards achieving an interim target reduction of 55% in carbon emissions by 2030 and a 100% reduction by 2045 remains on track. I hope you had a chance to watch the conversations between the Fund Chief Investment Officer, the Chair of the Investment Committee, and the Fund Managers on ESG topics, bringing to life activities underway as part of the Net Zero work.

This hard work resulted in a 25% reduction in the carbon intensity of the Fund's public portfolio over the last 12 months, compared to a broadly flat market benchmark. The ESG Score of the portfolio also improved marginally, which is particularly noteworthy amidst broader resistance to ESG-driven initiatives. This reflects resilience and adaptability in pursuing long-term objectives.

The Fund also achieved its target to invest 15% of the portfolio in "ESG tilted" investments. Noteworthy investments included a large North American Renewables Platform and a unique partnership with IFC to invest in Emerging Market Energy Transition, Digital Transformation, and Women Empowerment and Growth. These investments are expected to deliver strong returns alongside real impact.

The Committees took proactive steps to reduce portfolio volatility through increased hedging strategies, demonstrating a pragmatic approach to navigating current market challenges and ensuring the strong funding level can persist. In these challenging times, I am comforted by the Fund's investment strategy focused on diversification, its risk management framework, and strong ESG DNA.

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 to supporting good governance in all the Fund's activities.

TfL Pension Fund

Chair's Introduction (continued)

There was one retirement and one appointment to the Trustee Board in the year and the Board was at full strength at the year end. 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 as well as re-establishing the investment beliefs of the Board and preparation for the new General Code issued by the Pensions Regulator.

This year's investment performance was 2.6%, 0.9% above the benchmark return of 1.7%, while over the longer period of three years the return was 2.8% per year, above the benchmark by 3.1%. Over five years returns were 8.0% per year, 1.7% above the benchmark. More information is contained in the Investment Report starting on page 15.

Finally, I am pleased to report that the Fund ended the year on an extraordinarily strong financial footing with assets of £15,162.8m, an increase of £150.2m from the previous year. I would like to record on behalf of the members my thanks to my fellow Trustee Directors and the Fund Office led by the Fund Secretary for all their hard work and I look forward to the year ahead.

Maria Antoniou
Chair
11 July 2025

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 2025.

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 in the year to 31 March 2025:

Retiring Director	Date of Retirement	New Appointment	Date of Appointment	Nominating Body
Ms S Folarin	27 September 2024	Mr D Moore	28 September 2024	PCC

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 2025, 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	13	Mr FE Brennan *	14	13
Ms M Antoniou *	13	13	Mr LP Brown *	19	18
Ms T Ashton *	14	12	Mr SW Ellaby *	15	15
Mr T Cunningham *	14	12	Mr P Kilius-Smith *	13	13
Mr MA Evers *	17	16	Mr J Leach *	9	4
Ms R O'Donnell *	2	2	Mr CA Miller *	12	12
Mr C Reader *	14	11	Mr D Moore *	6	5
Mr J Terry *	14	9	Mr PJ Murphy *	22	22
Mr J Thirlby *	13	13	Mr JB Timbrell *	17	17

The average attendance for the Directors listed above at scheduled Trustee Board and Committee meetings was 89% TfL nominated and 91% non-TfL nominated respectively.

* All Trustee Directors 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	Ms T Ashton Mr MA Evers Ms R O'Donnell Mr J Thirlby	Mr LP Brown Mr P Kilius-Smith Mr PJ Murphy Mr JB Timbrell
Alternatives and Liability Hedging	Mr MA Evers Ms R O'Donnell	Mr PJ Murphy Mr JB Timbrell
Operations	Ms M Adesida Mr T Cunningham Mr C Reader Mr J Terry	Mr FE Brennan Mr LP Brown Mr D Moore Mr PJ Murphy
Audit and Risk	Mr T Cunningham Mr C Reader Mr J Terry	Mr FE Brennan Mr LP Brown Mr D Moore
Appeals	Ms M Adesida Ms T Ashton Mr J Thirlby	Mr SW Ellaby Mr J Leach 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 during 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 Effective System of Governance (ESOG).

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 recognising the new Single Code issued by the Pensions Regulator.

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.

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 2024 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.

Penfida provide regular updates on the strength of the employers' covenant, their latest report confirmed a rating of "strong" for TfL covenant support unchanged from their previous rating.

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. Information has been provided to the Regulator following a request for governing documentation.

5. Financial review

The Accounts of the Fund for the year to 31 March 2025, as set out on pages 41 to 56, 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 £15,162.8m on 31 March 2025. The increase of £150.2m, compared with the value on 31 March 2024 of £15,012.6m, was made up as follows:

	Movement in the year	
	2025 £m	2024 £m
Net returns on investments	326.6	957.3
Net withdrawals from dealings with members	(176.4)	(121.3)
	<u>150.2</u>	<u>836.0</u>

Net returns on investments comprised changes in the market value of investments of £161.3m (2024: £793.3m) and investment income of £197.1m (2024: £187.5m) which were partly offset by investment management expenses of £31.8m (2024: £23.5m). The change in market value of investments for 2025 was made up of realised investment gains of £827.9m and unrealised investment losses of £666.6m (2024: realised gains of £426.6m and unrealised gains of £366.7m).

The reduction from last year in the amount from dealings with members of £55.1m was mainly due an increase in benefits payable of £40.8m and lower contributions receivable of £15.3m and offset by lower pension levies of £2.3m. The rates of contributions payable by the employers participating in the Public Sector Section was 27.3% until 14 December and 11.67% for existing members and 10.5% for new members thereafter under the current Schedule of Contributions. 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 41 to 56.

Details of the participating employers' unit holdings and asset values are set out in the unaudited statement on page 63. 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 2024 of each of the two sections of the Fund. The valuation for the Public Sector Section was completed on 13 December 2024 and the valuation for the Composite Section was completed on 28 March 2025. 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 a formal document called the 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 was a surplus of assets over liabilities of £3,044m as at 31 March 2024. The Pensions Funding Agreement reached between the Trustee and TfL as part of the 2021 valuation was updated to extend the agreement to cover both the 2030 and 2033 valuations. 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 was a surplus of assets over liabilities of £8.6m.

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 2027 and the statutory deadline for completion is 30 June 2028.

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 as necessary 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 2025. In addition, the Fund has 384 (2024: 367) pension credit members comprising 225 deferred pensioners (2024: 210) and 159 pensioners (2024: 157).

	2024/ 2025	2024/ 2025	2023/ 2024	2023/ 2024	Change
Contributing members as at 1 April	26,208		25,489		
Joiners	2,421		2,276		
	28,629		27,765		
Contributing members retiring	(711)		(758)		
Leavers taking a refund of contributions	(272)		(273)		
Leavers becoming deferred pensioners	(405)		(488)		
Leavers taking a trivial commutation lump sum	(7)		(1)		
Deaths in service	(30)		(37)		
Contributing members as at 31 March		27,204		26,208	996
Deferred pensioners as at 1 April	16,048		16,426		
Leavers becoming deferred pensioners	405		488		
	16,453		16,914		
Deferred pensions coming into payment	(755)		(779)		
Deferred pensioners transferring to other schemes	(19)		(31)		
Deferred pensioners taking a trivial commutation lump sum	(14)		(16)		
Deferred pensioner deaths	(45)		(40)		
Deferred pensioners as at 31 March		15,620		16,048	(428)
Pensioners as at 1 April	32,647		32,299		
Contributing members retiring	711		758		
Deferred pensions coming into payment	755		779		
	34,113		33,836		
Pensioner deaths	(1,292)		(1,189)		
Pensioners as at 31 March		32,821		32,647	174
Dependants as at 1 April	9,477		9,493		
Dependants becoming entitled to pensions	553		599		
	10,030		10,092		
Dependant deaths	(561)		(564)		
Dependants taking a trivial commutation lump sum	(33)		(51)		
Dependants as at 31 March		9,436		9,477	(41)
Eligible children as at 1 April	729		740		
Children becoming entitled to pensions	27		66		
	756		806		
Children ceasing to be eligible	(31)		(74)		
Child deaths	(3)		(3)		
Eligible children as at 31 March		722		729	(7)
Total membership as at 31 March		85,803		85,109	694

TfL Pension Fund

Trustee's Report (continued)

Details of contributing members by section as at 31 March 2025 were as follows:

	2024/ 2025	2024/ 2025	2023/ 2024	2023/ 2024	Change
	%		%		
Transport for London	27,189	99.94	26,192	99.94	997
Composite section	15	0.06	16	0.06	(1)
	<u>27,204</u>	<u>100.00</u>	<u>26,208</u>	<u>100.00</u>	<u>996</u>

8. Pension increases

Deferred members and pensioners receive increases in accordance with the Fund Rules. The April 2025 pension increase is based on the increase in the Retail Price Index over the 12 months to September 2024. 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 2.7% 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 2021	1.1%	1.1%
April 2022	4.9%	4.9%
April 2023	12.6%	5.0%
April 2024	8.9%	5.0%
April 2025	2.7%	2.7%

9. Fund's advisers

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

10. Approval of the Report of the Directors of the Trustee

The Investment Report and the Implementation Statement on pages 15 to 37, and the Compliance Statement on page 64 form 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 11 July 2025 and was signed on their behalf by:

M Antoniou
Director
TfL Trustee Company Limited

J Leach
Director
TfL Trustee Company Limited

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 2025 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. A new Investment Manager, Blackstone, was appointed during the year although certain investment portfolios have been expanded. 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.

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 2025, including AVC investments, had a value of £15,139.6m an increase of £152.4m compared with their value of £14,987.2m as at 31 March 2024. Investment income (i.e. dividends and interest) amounted to £197.1m for the year to 31 March 2025 compared with £187.5m for the year to 31 March 2024.

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 2025

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 2025 are set out below (the table has been simplified due to the large number of managers).

Allocation	Weight %	Comparison Basis
UK equities	1.7%	FTSE All Share/MSCI UK
Developed market equities	19.1%	FTSE Developed World ex UK/MSCI World ex UK
Emerging market equities	2.7%	MSCI EM/ Russell EM
Fundamental equities	2.7%	FTSE RAFI All World 3000 Index
Developed equities with EM tilt	0.1%	Russell GeoExposure
Liability hedging	12.3%	No suitable market indices for comparison
Global bonds	2.1%	BarCap 60/40 Sovereign Credit Index
Global bonds	3.0%	BarCap Global Agg Corp 1% Constrained
Alternative credit	4.5%	CS Leveraged Loan/BoAML US High Yield
Alternative credit	0.7%	BoAML US T-bills +2%
Alternative credit	1.5%	EMBI Global Div /JPM CEMBI Broad Div GBP Hedged
Liquid alternatives	18.8%	SONIA/ SOFR +3.25% / SONIA +5.25% pa
Renewables	0.5%	FTSE Index Linked Gilts over 15years Index +3%
Infrastructure	3.6%	UK/European RPI/CPI +3.5% pa
Infrastructure	6.3%	US CPI + 4% pa/ US CPI + 7% pa
Infrastructure	0.3%	MSCI Brazil Gross Index +3%
Private equity	7.7%	MSCI World +3% pa
Private equity	0.3%	US CPI + 5% pa
Private credit	4.4%	BoAML Global High Yield +2% pa
Commodities	1.2%	Bloomberg Commodity 3 Month Forward
Real estate	4.7%	FTSE EPRA/NAREIT Developed +1%
Cash for investing/derivatives for hedging	1.8%	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 2025

Portfolio	% of Fund	Manager
Core		
Index tracking (all asset classes) and liability matching assets	24.7	BlackRock Investment Management (UK) Limited ¹
Active Specialist		
Global bonds	5.1	Goldman Sachs Asset Management
Global equities 1	3.5	Pzena Investment Management LLC
Global equities 2	2.6	JO Hambro Capital Management Limited
Global equities 3	2.9	Veritas Asset Management LLP
Pacific Basin equities	1.4	Nomura Asset Management UK Limited
Global emerging market equities	1.1	Coronation International Limited
Global emerging market equities	0.3	Russell Investments Limited
Global High Yield Credit	3.1	Oak Hill Advisors, LP ²
Global Small Cap equities	1.4	Paradice Investment Management Pty Limited
Absolute Return Credit	0.7	Wellington Management Company, LLP
Asia (ex Japan) equities	0.7	JO Hambro Capital Management Limited
Emerging market debt	1.5	JP Morgan Asset Management
Currency overlay	0.2	Russell Implementation Services Limited
Alternative Assets		
Global Macro Systematic Hedge Fund	5.9	Bridgewater Associates, Inc ²
UK Core Infrastructure Investment	1.9	Semperian PPP Investment Partners Holdings Ltd ⁴
Cory Waste to Energy/ Wadlow Windfarm Assets	1.7	SCM ManCo 1 Limited ⁵
Private Equity Fund of Funds	0.2	Partners Group (UK) Limited
Reinsurance Hedge Fund	2.3	Credit Suisse AG ²
Alternative Credit (Asset Backed Securities)	1.4	Goldman Sachs Asset Management
Private Equity	0.3	Goldman Sachs & Co LLC
North America Opportunistic Private Credit	2.2	Siguler Guff & Company, LP
Alternative Beta Trend Hedge Fund	1.1	Goldman Sachs Asset Management
Private Global Real Estate (Separate Account)	3.4	CBRE Global Collective Investors UK Limited
Multi-Strategy Credit Hedge Fund	0.1	Anchorage Capital Group LLC
Global Macro Discretionary Hedge Fund	2.3	Brevan Howard Asset Management, LLP
Segregated Infrastructure Debt Portfolio	1.3	Industry Funds Management Pty Limited
Global Private Equity (Separate Account)	7.1	Neuberger Berman Alternatives Advisers LLC ⁹
Private Corporate and Real Estate Debt	0.9	GS Mezzanine Partners
UK Renewables Private Equity	0.5	BlackRock Investment Management (UK) Limited
Commodities	1.2	BlackRock Investment Management (UK) Limited
UK Real Estate	1.3	BlackRock Investment Management (UK) Limited
Alternative Risk Premium Hedge Fund	1.2	Man Asset Management Ltd
Multi-Strategy Hedge Fund	1.1	Man Asset Management Ltd ⁶
North America Private Infrastructure Fund	3.4	Stonepeak Associates III LLC
North America Social Infrastructure Fund	2.0	Harrison Street Real Estate Capital ⁷
Controlled Environment Agriculture Fund	0.3	Equilibrium Capital Group, LLC ⁸
Macro Opportunities Drawdown Fund	0.4	Brevan Howard Asset Management, LLP
Hedge Fund Completion Programme	4.2	Cambridge Associates Ltd
Infrastructure Emerging Market Fund	0.3	Augment Infrastructure Managers Advisory LLC ⁹
US Renewables Infrastructure Equity	0.8	Harrison Street Advisors, LLC ³
North America Energy Transition Infrastructure Equity	0.1	Blackstone Management Partners L.L.C.
Cash	5.7	Cash
	<u>100.0</u>	

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

² 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 2025.

³ The Fund has a 74.399% (2024: -%) economic interest in Harrison Street Renewable Energy Co-Investment I, L.P.

⁴ The Fund has a 25.49% (2024: 25.49%) economic interest in Semperian PPP Investment Partners Holdings Limited.

⁵ The Fund has a 12.44% (2024: 12.44%) economic interest in Cory Topco Limited.

⁶ The Fund has a 14.47% (2024: 14.47%) economic interest in the Man 1783 Fund.

⁷ The Fund has a 12.86% (2024: 13.44%) economic interest in the Harrison Street Social Infrastructure Fund.

⁸ The Fund has a 12.6% (2024: 12.6%) economic interest in the CEFF II Fund.

⁹ The Fund has a 7.7% (2024: 7.7%) economic interest in the Augment Brazil I, LP.

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, Palestra, 8th Floor, 197 Blackfriars Road, London SE1 8NJ or can be found here:

<https://www.tflpensionfund.co.uk/news-publications/statements-of-investment-principles/>

3. Analysis of investments

The 10 largest direct quoted equity holdings of the Fund as at 31 March 2025 are shown below.

	Value	% of Fund's quoted equity holdings	Country	Sector
	£m			
Amazon	33.3	1.4	USA	Information Technology
Airbus SE	29.6	1.3	Netherlands	Industrials
Alphabet	29.3	1.3	USA	Communication Services
Charter Communications	26.7	1.2	USA	Communication Services
Taiwan Semiconductor	26.4	1.1	Taiwan	Information Technology
Microsoft Corp	24.2	1.0	USA	Information Technology
Unilever	23.7	1.0	UK	Consumer Staples
Safran SA	23.2	1.0	France	Industrials
Intercontinental Exchange	21.8	0.9	USA	Financials
Samsung Electronics Co Ltd	21.2	0.9	S Korea	Industrials
	<u>259.4</u>	<u>11.1</u>		

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

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.

Over the past five years, the Fund has performed broadly in line with the reference portfolio until the start of 2022; since then, the Fund experienced a period of significant outperformance. The Fund has shown lower volatility over the whole period. The past quarter saw slightly negative absolute returns across the Fund's investments in equities and in liability hedging. This was partially offset by positive quarterly returns within the Fund's alternatives portfolio. Over a 3-year period, the performance of alternatives has contributed to the Fund's outperformance of the benchmark. This continues to demonstrate the robustness of the return-seeking portfolio and the continued value of diversification.

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 2025 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 %	2.6	1.7	2.8	-0.3	8.0	6.3
Ex currency hedging	0.6	4.5	2.2	4.3	7.3	9.0

The Fund assets returned 2.6% for the year ended 31 March 2025, 0.9% above its benchmark returns of 1.7%.

The Annual Return on investments disclosed in the Trustee's Report above is calculated using consistent and defined source information and using precise inputs. The financial statements disclosures are prepared using the latest available valuations and as a consequence there may be some minor timing differences and variances between investment returns reported above and the investment income, changes in market value and investment management expenses reported in the financial statements.

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 2025 gross of fees, unless shown otherwise, compared with the previous year are shown below:

	Year to 31 March 2025		Year to 31 March 2024	
	Fund %	Benchmark %	Fund %	Benchmark %
Index-Tracking – BlackRock				
UK equities	10.4	10.5	8.4	8.4
US equities	6.2	6.2	27.4	27.4
Canadian equities	7.8	7.9	14.0	14.1
European equities (ex. UK)	3.5	3.5	13.1	13.4
Japan equities	(3.3)	(3.3)	22.4	22.3
Pacific Basin (ex. Japan) equities	(5.8)	(5.8)	4.7	4.6
Middle East equities	15.5	14.9	15.6	15.0
Emerging Market equities	5.9	5.8	5.1	5.9
FTSE RAFI All World 3000	6.3	5.9	17.5	17.3
GeoExposure	0.2	(0.9)	11.9	11.6
LDI – BlackRock QIF	(24.7)	(24.7)	(17.2)	(17.2)
Equities				
Coronation – Global EM equities	2.8	5.8	6.8	5.9
J O Hambro – Asia (exJapan) equities	5.5	9.0	2.3	1.8
J O Hambro - Global equities	(5.1)	4.9	19.9	20.6
Nomura - Far East equities	(0.2)	0.5	13.2	14.4
Paradise -Global Small Cap equities	(7.3)	(0.4)	11.7	14.3
Pzena -Global equities	5.1	4.8	15.2	22.5
Russell - EM equities	4.9	5.8	3.3	5.9
Veritas - Global equities	4.3	4.9	16.0	20.6
Bonds				
BlackRock - Network Rail bonds ¹	(6.6)	(6.6)	(3.4)	(3.4)
Goldman Sachs - Asset Backed	8.9	5.1	3.1	3.3
Goldman Sachs - Corporate Credit	5.9	5.1	6.7	5.2
Goldman Sachs - Sovereign Credit	2.2	1.8	2.5	2.4
Industry Funds Management	5.8	8.2	1.1	8.6
J P Morgan - Emerging Market Debt	7.7	7.0	10.3	9.4
Oak Hill - Enhanced Credit	6.0	5.0	10.4	9.4
Wellington	8.4	7.0	4.0	6.9
Other assets				
Anchorage Capital	0.3	8.2	7.0	8.6
Augment Brazil	(1.0)	(12.4)	6.7	28.6
BlackRock Commodities ¹	7.9	7.9	(11.5)	(8.4)
BlackRock long Lease Property	9.7	3.8	(3.2)	7.3
BlackRock Real Estate ¹	2.6	2.7	6.0	6.3
BlackRock Renewable ¹	(9.4)	(13.2)	(15.4)	(9.6)
GS Broad Street Real Estate	17.8	7.9	14.2	10.9
Brevan Howard Fund ¹	3.8	8.2	(5.5)	8.6
Brevan Howard Special Opportunities	(2.5)	8.2	(9.1)	8.6
Blue Mountain Capital	(6.2)	8.2	12.0	8.6
Bridgewater Pure Alpha Plus Gold	37.5	35.1	17.6	9.2
Bridgewater AW China	19.4	6.2	5.7	6.4
Cambridge Associates Hedge Fund Program	2.7	6.2	5.2	6.4
CBRE	1.0	3.8	(8.3)	7.3
Colonial First State Global Asset Mgt ¹	(9.0)	3.5	19.8	2.2
Cory Topco Limited	9.2	6.8	1.2	7.9
Euler ILS ¹ (previously Credit Suisse)	10.0	6.2	17.0	6.4
Equilibrium CEFF II	(37.9)	5.2	(13.8)	6.3
Goldman Sachs Coop Fund	2.8	10.1	(8.6)	32.6
Goldman Sachs Mezzanine VI	9.2	7.9	(50.2)	10.9
Goldman Sachs Mezzanine VII	4.9	7.9	14.0	10.9
Goldman Sachs - Trend	(12.1)	8.2	4.6	8.6
Goldman Sachs West Street	7.4	7.9	6.9	10.9
Harrison Street Social Infrastructure Fund	3.5	4.2	3.0	5.3
IFC Global Infrastructure	(7.6)	7.9	(10.6)	8.0
Man ARP	5.4	8.2	11.0	8.6
Man 1783	9.4	8.2	16.3	8.6
Neuberger Berman	8.3	7.9	5.6	26.2
Partners Group	(5.5)	8.4	(9.2)	26.8
Semperian	4.0	6.8	(13.6)	7.9
Siguler Guff Distressed Debt	(21.7)	7.7	(8.5)	18.1
Siguler Guff TARO	9.1	7.9	6.6	10.9
Stonepeak Infrastructure Fund	(5.1)	7.2	5.0	8.3

¹ Performance shown net of fees

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 2025	% of total	Reported returns (where declared) Year to 31 March 2025
	£m		
Legal & General			
Diversified G28	47.4	28.7	6.8%
Cash 3	29.7	17.9	5.2%
All World Equity Index 3	28.5	17.2	19.0%
HSBC Islamic Global Equity Index Fund 3	18.8	11.4	30.0%
World (Ex-UK) Equity Index 3	12.7	7.7	19.9%
UK Equity Index 3	11.1	6.7	9.3%
Ethical Global Equity Index 3	9.3	5.6	19.5%
All Stocks Index Linked Gilts Index 3	2.4	1.5	(8.5%)
Future World Annuity Aware Fund 3	2.1	1.3	(3.5%)
Future World Fund 3	1.5	0.9	12.8%
	<u>163.5</u>	<u>98.9</u>	
Clerical Medical			
With Profits	0.9	0.5	N/A
Unit-linked funds	0.7	0.4	N/A
	<u>1.6</u>	<u>0.9</u>	
Standard Life			
Pension With Profits One Fund	0.4	0.2	N/A
	<u>165.5</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 2025 has been published and can be found here:

<https://www.tflpensionfund.co.uk/news-publications/task-force-on-climate-related-financial-disclosures/>

TfL Pension Fund

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 Trustee Directors ("**the Trustee**") 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 2025.

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. The SIP (dated March 2025), which includes the voting and engagement policies, can be found here:

<https://www.tflpensionfund.co.uk/news-publications/statements-of-investment-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 Fund makes use of diverse range of investments therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focusing on areas of maximum impact. The Trustee confirms that the investments which the Fund holds were chosen in line with the requirements of Section 36 of the Pensions Act 1995.

Changes to the SIP over the year to 31 March 2025

The SIP that was updated in March 2024 was applicable for most of the period covered by this statement and therefore the sections referenced in this statement are those given in the SIP dated March 2024. The March 2024 SIP was aligned with the regulations mentioned above, which covered policies regarding how asset managers are incentivised to achieve long-term objectives, policies regarding cost transparency and policies on voting and stewardship.

The SIP underwent its annual review in Q1 2025 and minor updates were made to improve clarity where needed and reflect any changes in the investment strategy, liability risk management and the Fund portfolio.

Compliance statement

This Statement demonstrates that the Fund has adhered to the investment principles and policies regarding voting and stewardship, including Environmental, Social, and Governance ("**ESG**") factors, as set out in the Fund's SIP.

Summary of ESG Policy Implementation

The Trustee outlined several key objectives and policies that fall under ESG in the SIP. This section provides a summary of the implementation of these policies.

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

In addition, the Fund partners with a stewardship specialist, Sustainalytics, and several collaborative engagement platforms, to conduct focused engagements. Since April 2020, all proxy voting activities for the Fund's segregated equity mandates are carried out by Glass Lewis with Sustainalytics ESG Overlay Policy 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 the Fund's ESG policy
- 2) closely monitoring the activities of incumbent managers to ensure they are aligned with the Fund's ESG policy

TfL Pension Fund

Implementation Statement (continued)

In addition, at the Fund level, the Fund monitors a range of ESG metrics to ensure that the portfolio outcome is in alignment with the Fund's 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 other climate transition assets.

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 the IS. The latest Sustainable Investing report can be accessed here:

[2024 Sustainable Investing Report](#)

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 2025:

Governance

The ESG Policy will be reviewed and updated at least annually together with the SIP and published on the Fund's website. (section 6.3)

The Trustee Board receives annual training on ESG issues, including climate change. On 24-October 2024 and 28 January 2025, the Fund held a two-day training seminar focusing on climate fundamentals, investment considerations and actions for pension schemes, delivered by the Investment Adviser, WTW. Fund Office investment staff attended all training sessions too.

The Chair of the Investment Committee is a member of Accounting for Sustainability and attends industry seminars and conferences regularly. Fund Office staff who have involvement in investment matters have all completed TfL Carbon Literacy Training as part of their annual learning objectives. In addition, the Trustee and the Fund Office staff attend ESG and climate focussed conferences and workshops, such as those hosted by Pensions & Lifetime Savings Association ("PLSA"), Sustainalytics and fund managers, to broaden their exposure and stay abreast of new developments.

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. The Fund assesses whether the prospective manager has an ESG policy, how it is embedded in its strategy, risk management, investment selection, portfolio management and reporting. Results of such assessments are then covered in detail in presentations to the Trustee. Where segregated mandates were implemented, specific requirements for the Managers to consider the alignment of the Fund's ESG policy with the investment decisions made by the Managers were included within the Investment Management Agreement ("IMA"). In the year to 31 March 2025, the Fund added three new mandates, all of which have material ESG tilts, namely, Harrison Street Net Zero (North American renewable energy platform), Blackstone (Blackstone Energy Transition Partners IV private equity fund), and IFC Growth & Sustainability (private equity investment in Sustainable Development Goals aligned sectors in emerging markets with a particular focus on climate transition, women empowerment and digital transformation).

The Fund Office (an in-house management team led by the Fund Secretary and reporting to the Trustee) monitored the Managers through regular meetings held either quarterly or semi-annually on each underlying fund or mandate. ESG topics are discussed at these meetings and the Fund would ask questions on how ESG issues had been integrated into the investment process in the given period, in particular covering holdings with high ESG risk or material ESG factors and looking for evidence that managers have assessed and managed the ESG risks adequately.

Every two to three years, equity and fixed income managers are asked to respond to a very detailed ESG questionnaire which asks for information on ESG governance, integration, and stewardship. Initially Managers were asked to submit a response once a year, but as their ESG policies and processes became more established, it was decided a submission every two to three years would be sufficient. The last response to the questionnaire was collected in 2023 and it will be collected again in 2026. Managers have clear sight of the SIP and the Fund's ESG objectives, and they are required to produce detailed documents which form the basis of the ESG review. On the back of these reports, feedback is provided, and the Fund would seek ongoing improvements in the Managers' ESG approach. The Trustee was satisfied with the above-mentioned policies for the respective managers by going through this process on all investments held within the year.

TfL Pension Fund

Implementation Statement (continued)

In November 2023, the Trustee considered the biennial “Sustainable Investment Review” report from the Fund’s Investment Adviser, WTW, to assess the extent to which the Fund’s managers were 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 several of the Fund’s credit and alternatives managers. All managers reported on had achieved overall ratings of “high” or “medium” across the areas assessed. The next report is due in Q4 2025.

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 lowest ESG scores.

Each quarter, a selection of these highlighted companies was discussed with the investment managers that invested in them to understand the rationale for continuing to hold them. One example during the year was a holding in PRIO SA (formerly known as Petro Rio), a company that engaged in the exploration and production of oil and gas in Brazil and abroad. Brazilian regulatory framework for oil is more lenient compared to developed markets. With the announcement that International Sustainability Standards Board’s (ISSB) IFRS Sustainability Disclosure Standards will be incorporated into the Brazilian regulatory framework in 2024, this sets a roadmap from voluntary to mandatory disclosures beginning 1 January 2026. The manager sees PRIO as proactive in reducing emissions and outperforming most peers in upstream emissions intensity reduction, where it ranked second out of seven in the Campos Basin. PRIO disclosed a 35% emissions intensity reduction target (Scopes 1 & 2, 2021-2026) in its Carbon Disclosure Project report and the manager plans to continue engaging with PRIO to establish absolute and long-term targets.

Alongside investee companies’ ESG score and emission intensity, 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. During the Fund year, the Trustee was pleased that no mandates needed to be changed based on these metrics.

Each quarter, the weighted average ESG scores and weighted average carbon emissions intensity “WACI” (defined as metric tonnes per million USD sales) across the actively managed public equity and corporate bond mandates were compared against scores for relevant benchmarks. 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 the 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	4.93	5.39	4.25	3.90
Q1 2020	5.70	5.14	4.58	4.65
Q1 2021	5.09	4.97	4.40	4.60
Q1 2022	5.32	5.20	4.64	4.69
Q1 2023	5.99	5.50	4.90	4.90
Q1 2024	5.76	5.48	4.99	4.97
Q1 2025	5.87	5.41	5.07	5.04

TfL Pension Fund Implementation Statement (continued)

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

Date	Fund score	MSCI ACWI	MSCI EM	Russell 2000
Q2 2017	185.22	214.82	340.99	192.57
Q1 2020	123.42	180.39	290.16	138.62
Q1 2021	115.69	157.62	274.10	132.43
Q1 2022	114.60	162.81	325.65	154.17
Q1 2023	103.70 ¹	149.82	320.50	148.07
Q1 2024	85.70	118.22	318.92	123.44
Q1 2025	68.00	118.37	308.68	115.86

¹ 2023 figure restated to include Russell emerging market equity which is a pooled fund and be consistent with the TCFD. Prior to 2023, data shows segregated mandates only (as reported on BlackRock Aladdin). Russell mandate is included from 2023 onward

Further to the emissions intensity data given in the table above, the Fund produced figures outlining its environmental footprint (resource intensity output) for 2024 on page 11 in the 2024 Sustainable Investing Report. In line with best practice under Task Force on Climate-related Financial Disclosures (“**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. In the current reporting year’s TCFD report, the coverage of emissions data includes the LDI mandate and alternatives mandates (hedge funds, private markets, alternative credits, subject to data availability).

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. Sustainalytics conducts SDG-aligned proactive engagements to address key systemic issues across the ESG spectrum, on behalf of the Fund and other participating investors. As an example, in 2024 Sustainalytics conducted 88, 66, and 47 engagements concerning the Sustainable Consumption & Production, Climate Change, and Peace & Justice SDGs, respectively. Additionally, the Fund’s investments with an ESG tilt are diversified across sectors and split between private markets (69%) and public markets (31%). Full details of these results can be found on pages 16 and 17 in the 2024 Sustainable Investing report.

Exclusion Policy

Throughout the period, the exclusion policy in place that excludes companies that generate more than 30% of their annual revenues from thermal coal in power generation and/or mineral extraction from the Fund’s segregated mandates 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 investments. 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 10.33 – 10.35):

As part of its strategic long-term goals, the Fund is increasing its exposures in private markets investments. 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 new investments and deployed further capital across several private equity and infrastructure funds covering ESG tilted investments globally. Some of these assets are outlined further on pages 18-20 in the 2024 Sustainable Investing Report. All these investments were made with social or environmental impacts in mind.

Private markets investments continue to be an important contributor to the target of allocating at least 15% of assets to investments with a strong ESG-tilt by 2025. These assets now represent over 15% of Fund assets when including capital committed that will be drawn down over the next few years.

TfL Pension Fund

Implementation Statement (continued)

Collaborative initiatives (sections 10.36 – 10.39):

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 (“PRI”) and as such completed its annual reporting submission. In the latest results from 2023, the Fund scored 5 stars (the highest score) in all but two of the ten categories assessed by the PRI. For the 2024 PRI reporting cycle, reporting was voluntary for signatories that had publicly reported in 2023, and the Fund decided not to report as PRI was in the process of revising its framework in quite a fundamental creating issues around peer benchmarking and capturing performance trends. It has been decided that the reporting will resume only once the PRI publishes its final guidelines.
- The Fund continued to be a signatory to Carbon Disclosure Project (“CDP”), a non-profit organization dedicated to collecting global environmental data from companies and cities. CDP requests tens of thousands of companies to disclose environmental information on climate, forests, and water through its integrated questionnaire. These disclosures form the world’s most comprehensive collection of self-reported corporate environmental data. Despite growing momentum, many major corporations in high-impact sectors still do not disclose their environmental impact. To close this gap, the Fund participates in CDP’s annual Non-Disclosure Campaign (NDC) that specifically targets companies that have previously failed to disclose. This initiative has a proven impact—companies engaged through the campaign are more than twice as likely to disclose. As part of the campaign, the Fund co-signs letters addressed to targeted companies held in the Fund’s portfolio. Results from the 2024 campaign were remarkable.
 - 396 companies responded for the first time after being engaged through the campaign. A total of 191 companies disclosed for the first time in the climate change module, while 51 companies disclosed in the forest module for the first time. In water security, with the significant increase in the number of companies engaged, the total number of disclosures also rose from 66 in 2023 to 216 in 2024. Greggs and Walmart are among the companies that disclosed for the first time in the water security module.
 - Most of the companies targeted in the campaign have been targeted over multiple years. Year-on-year engagement through the NDC has played a significant role in encouraging companies to start their disclosure journey with CDP. This year, the NDC recorded six companies who finally disclosed after being engaged with for the seventh year. This includes China Motor Corporation and Oil & Natural Gas Corporation in India.
- Through Climate Action 100+ (“CA100”) the Fund engages with three companies (Rolls Royce, Anglo-American and Rio Tinto). Phase 2 of CA100 was launched in 2023 and the Fund continues its active participation. All three companies have announced net zero by 2050 ambitions and have set short, medium to long term emission reduction targets with varying degrees of details. They are implementing a strategy of decarbonising their own operations and developing products and technologies that will help clients decarbonise as well as enable the companies to access opportunities presented by the energy transition. There is increased partnership with customers, local governments and the like in research and development. These are all areas that CA100 has been pushing the companies to continue to improve. Companies are also being asked to align their capital spending with their decarbonisation strategies. More information is given in the TCFD report.
- 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.

Voting and Engagement (sections 10.28 – 10.32):

Policies and alignment

Overview

The Fund held investments in public equities with voting rights in two main ways:

- i. Through segregated mandates set up specifically for the Fund’s needs or
- ii. Through pooled vehicles where the Fund is investing alongside other investors

TfL Pension Fund

Implementation Statement (continued)

In terms of voting, the key difference is that for segregated mandates, the Fund retains voting rights, whereas for pooled vehicles, the investment managers control 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 its members.

Segregated mandates and voting policies

For equities held in segregated mandates, the Fund used Glass Lewis as its proxy adviser and Sustainalytics as its engagement partner for the period covered. Sustainalytics engagement also covers corporate bond issuers. Glass Lewis votes on behalf of the Fund in line with best practice in the region where the 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 through the link below:

[Glass Lewis Voting Policies](#)

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

In addition, from 1 April 2024, as part of the newly subscribed Engagement 360 service, Sustainalytics started to provide an ESG voting overlay that complemented Glass Lewis's traditional corporate governance policies with specialist voting guidance on specific ESG topics. It acted as a material expansion on the existing 'engagement-based' voting overlay which usually targets a few dozen cases. As an example of value-add through the new ESG Voting Overlay, Sustainalytics delivered in total 268 ESG-specific vote recommendations in 2024.

In the case that Sustainalytics are recommending a vote against management proposals, the Fund would send a letter to the company to explain the rationale and strengthen the signal that is to be conveyed through the vote.

Details of the voting behaviour undertaken on behalf of the Trustee, including information on the most significant votes cast, are set out in the appendix to the IS. **This includes two examples of where Sustainalytics provided voting recommendations that differed from Glass Lewis (CVS Health Corp, Shareholder Proposal Regarding Severance Approval Policy; UnitedHealth Group Inc., Shareholder Proposal Regarding Report on Political Expenditures and Values Congruency) and the Fund voted to support the shareholder proposals based on their recommendations. It also includes one example where Sustainalytics gave a recommendation that was in support of the Glass Lewis view (Regeneron Pharmaceuticals, Inc., Shareholder Proposal Regarding Simple Majority Vote). These examples show that Glass Lewis carries out the Fund's voting in accordance with the Fund's stewardship partner Sustainalytics's ESG recommendations, which strengthens the Fund's voting practice.**

Pooled vehicles and voting policies

In the year 1 April 2024 to 31 March 2025, the Fund's pooled equity fund managers were BlackRock and Russell Investments where they were in charge of voting for the underlying equity investments. Their voting policies can be accessed through the provided links below.

[Blackrock Investment Stewardship & Voting Policy](#)

[2025 Russell Investments Proxy Voting Policies](#)

The Trustee received and reviewed voting reports from both BlackRock and Russell Investments at least quarterly to monitor the latest period's key votes and review whether the policy is in line with the Fund's stewardship policies. Throughout the year, the Trustee was satisfied that the voting and engagement carried out by BlackRock and Russell Investments was in line with its policies.

TfL Pension Fund

Implementation Statement (continued)

Engagement

Following consultation with Sustainalytics in 2019, the Trustee decided to focus on the following three engagement programmes, Global Standards, Material Risk and Thematic (with the Fund initially subscribing to one theme only). In April 2024, the Fund broadened its engagement coverage by subscribing to Engagement 360, Sustainalytics' most comprehensive stewardship service. Through this service, the Fund is now represented in and has access to all of Sustainalytics' stewardship programmes, which are detailed below.

- **Global Standards Engagement:** 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 do not occur again.
- **Material Risk Engagement:** 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 Stewardships Engagement:** Building on its previous programme, Sustainalytics merged and transitioned its previous twelve thematic engagements into the six 'meta themes' namely Net Zero Transition, Biodiversity and Natural Capital, Scaling Circular Economies, Human Rights and Transition, Human Capital Management, and Sustainability and Governance. A key benefit is that the programmes will not have a defined end date but will evolve with investor needs, societal changes, and planetary trends. This programme promotes long-term enterprise value by proactively engaging value chains and industry stakeholders to mitigate systemic risks and maximize opportunities.

Engagement is core to the Trustee's arsenal to help driving ESG progression within the Fund and the industry. Engagement statistics and examples can be found in the collaborative initiatives section and the appendix, with additional case studies available in the 2024 Sustainable Investing Report (pages 12-13).

Summary of Other Policies

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

The SIP 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 the SIP 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.

Discussions and decisions on investment strategy, implementation, tactical views, and funding should be guided by these principles. The Investment Beliefs were updated in Q2 2023 and are now contained in a standalone document but referenced 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 Fund to pay benefits when they are due, whether these are due in the short-term or in the long-term.

The 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 agreed funding arrangement.

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 to achieve incremental excess return - a process that is agreed by the Trustee in consultation with TfL and submitted to the Pensions Regulator as part of the triennial funding.

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 aims 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.

TfL Pension Fund

Implementation Statement (continued)

The Trustee also must ensure that assets are sufficiently liquid; to be able to release funds from the Fund investments and pay the benefits as they become due and meet other cash requirements including meeting collateral calls within the Fund's derivatives portfolio and capital calls from private markets managers on both short term and long-term basis.

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

The Trustee outlines in their SIP several 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 2025:

Objectives of the Fund (sections 4.1 – 4.5):

To deliver sustainable long-term funding in line with the recovery plan agreed. Following the completion of the 2024 Actuarial Valuation, the Trustee has now agreed a new Investment Strategy based on the results of the actuarial valuation, which is documented in the SIP. It results in a small reduction in targeted returns in line with a de-risking approach agreed by the Trustee in consultation with TfL. The next triennial valuation will be carried out at 31 March 2027.

Additional Voluntary Contributions (AVCs) (sections 12.1- 12.2):

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 7.1):

The Investment 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 between Russia and Ukraine. This can be most prominently seen through the Investment 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. The Investment Beliefs were recently updated in Q2 2023 and are now contained in a standalone document but referenced in the SIP.

Governance Policy (sections 10.7 – 10.9):

In the year to 31 March 2025 the Trustee took steps to meet the TCFD reporting requirements in line with the Department for Work and Pensions ("DWP") regulations and best practice guidance.

Investment Strategy: Asset Allocation (sections 8.1 – 8.6):

The Trustee is advised by the Fund's Investment Adviser, WTW, on the Fund's Investment Strategy. It is usually set following a Triennial actuarial valuation and is reviewed on an annual basis to consider any significant market and economic changes. Following the conclusion of the 2024 Actuarial Triennial Valuation and in line with the Side Letter to the Pension Funding Agreement (PFA), the Fund's Investment Strategy, which was last agreed in 2021, was revised in February 2025 to increase the hedge ratio to 50%. This is set to deliver the expected returns (compatible with the Actuarial Discount Rate) while reducing the level of risk (Value at Risk). It also considers factors such as the Fund's liquidity profile, the risk-return nature of the underlying asset classes and their correlations with a view to build a diversified portfolio. The increase to the LDI portfolio is funded by divestment from equity and other growth assets. The implementation has been split into two stages, with the first stage covering much of the proposed increase completing in March 2025 to take advantage of market conditions, at minimum cost. The second stage will be carried out after the liability proxy is updated to ensure accuracy of the hedge and will bring the hedge ratio to 50%.

In summary, in the year to March 2025, the Fund made investments in line with the target allocation.

Risk Management (sections 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.

TfL Pension Fund

Implementation Statement (continued)

Rates of Return (section 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 5.1 – 5.2):

The Trustee monitors the Fund's liquidity regularly including projections of near and mid-term requirements. A liquidity update is presented to the Investment Committee and the Alternative and Liability Hedging Committee on a quarterly basis.

Monitoring (sections 11.7 – 11.14):

During the period, four performance 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 Advisor, 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 and the Fund Office to improve monitoring analysis and mitigate unwanted risks which are more prevalent in times of stress. The emerging market equity manager Russell was terminated in February 2025 due to a combination of factors including poor value for money. Capital would be redeemed over time taking market conditions into account. No other concerns were raised within the period, relating to fees and incentives versus managers' performance. The Trustee continues to closely monitor fees to ensure value for the Fund and its members.

The performance manager reports provide returns over multiple periods (quarterly, annual, 3 years etc) for the Fund, the individual mandates and their benchmarks. For segregated mandates, performance data is received through the Fund's custodian (JP Morgan) while other mandates are sourced directly from the fund managers. The reports assess value for money (VFM) through analysis of outperformance against the management fees.

Altogether, for the active equity, fixed income and real estate mandates, the active performance added to the Fund weighted based on market values was -0.6% vs fees calculated on the same basis of 0.4% over a trailing 36-month period to 31 March 2025, leading to underperformance of -1.0% p.a. net of fees. As of 31 March 2025, the liquid alternative mandates generated around 0.4% alpha and the Fund paid 1.5% of fee leading to underperformance of around -1.1% p.a. net of fees over a trailing 36-month period.

The Fund's Investment Adviser also produces reports that give a quarterly holistic update of performance and funding in the context of the liabilities, complementing the Fund Office performance reports. 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 also included and where necessary, highlight any major manager changes.

Conclusion & future developments

Over the course of the year to 31 March 2025, the Trustee is pleased to report that they have, in their opinion, adhered to the policies set out in the Fund's SIP.

The Trustee will continue monitoring the funds and managers the Fund uses and will seek professional advice from its 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 Fund invests in. The Trustee will continue to use its 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 hold them accountable to ensure that the assets of the Fund are appropriately invested and managed. Accordingly, the Trustee will continue to improve the Fund's responsible investment policies throughout 2025-2026 with a focus on its net-zero strategy (as well as an increasing focus on non-climate areas such as social, biodiversity and circular economy, as evidenced by the 'meta themes' noted in the paragraph below). With support from the Investment Adviser and regular engagement with managers, proper policy implementation will be monitored.

TfL Pension Fund Implementation Statement (continued)

The Fund is actively deploying capital in private market mandates, where there is a rich opportunity set in climate transition and other sustainable investments, to move asset allocation towards strategic goals as well as maintain at least 15% of the Fund's asset allocation in ESG tilted investments.

Appendix

Voting Statistics

The table below gives a summary of voting statistics across all public equity holdings within the year to 31 March 2025:

	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
Segregated accounts	407	5,028	100%	90%	9%	0%	1%
BlackRock Total[^]	10,776	128,286	98%	94%	5%	1%	0%
BlackRock Russell Developed Large Cap EM Geo-Exposure Index Fund	481	6,916	96%	95%	5%	0%	0%
BlackRock Aquila Life MSCI World Fund	1,487	21,305	97%	97%	3%	0%	0%
BlackRock Aquila Life US Equity Fund	576	7,520	98%	99%	1%	0%	0%
BlackRock Aquila Life Canadian Equity Fund	49	735	100%	100%	0%	0%	0%
BlackRock Aquila Life UK Equity Fund	690	9801	99%	98%	2%	0%	0%
BlackRock Aquila Life European Equity Fund	458	8,427	95%	90%	9%	1%	0%
BlackRock Aquila Life Japanese Equity Fund	489	5,918	100%	97%	2%	0%	1%
BlackRock Aquila Life Pacific Rim Equity Fund	164	1,330	100%	93%	7%	0%	0%
BlackRock Aquila Life Israel Equity Fund	75	596	100%	89%	9%	2%	0%
BlackRock Aquila Life Global 3000 Fundamental Weighted Index	3,699	43,438	98%	95%	4%	1%	0%
BlackRock iShares EM Index Fund (IE) Agg	2,608	22,300	98%	86%	11%	3%	0%
Russell Emerging Markets Equity Fund[†]	855	7,919	98%	80%	11%	2%	7%
Total	12,038	141,233	98%	93%	6%	1%	0%

Figures provided by the investment managers, Glass Lewis and Sustainalytics

[†]Russell Investments does not strictly follow the voting policy of its proxy advisor 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 uses multiple proxy advisors for information but voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

TfL Pension Fund

Implementation Statement (continued)

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. Regional insights and statistics highlighting voting trends for proxy season 2024 are given below.

North America

- In Glass Lewis' coverage universe, the number of directors who failed to get majority shareholder support dropped to a 3-year low of 69 in 2024—a 26% decrease from 2023. However, the number stayed the same for companies in the Russell index, with 39 directors failing in both years. This could suggest that more smaller companies are improving their governance, leading to less pushback from shareholders.
- Negative director recommendations based on audit and financial statement concerns were largely consistent with 69 occurrences in 2024 compared to 70 last year. Notably, audit concerns remain approximately 2.5x higher than in the 2022 proxy season.
- Despite years of having advisory votes on executive pay, some companies still ignore shareholder disapproval. Others make only minimal changes—believing small tweaks are enough. For example, TransDigm introduced a basic clawback policy in response to shareholder feedback but overlooked the more robust 2023 recoupment policy required by NYSE and Nasdaq.
- The number of shareholder proposals and overall support in 2024 remained similar to 2023. Despite steady average support, the number of majority-supported proposals rose by 57%, mostly focused on governance—especially eliminating supermajority vote standards. Anti-ESG proposals increased in number but continued to receive low support, with most receiving under 3% backing and only 3 out of 94 gaining more than 10%.

United Kingdom

- By law, UK-incorporated Main Market listed companies are required to submit a binding remuneration policy proposal every three years. 2025 is considered an 'off cycle' year and it is expected relatively few (approximately 70) FTSE 350 firms to seek approval for their policies this season. Consistent with recent years, it is expected that approximately one-third of FTSE 350 companies seeking approval of their remuneration policies will propose increases in the overall amount of executive compensation this season.
- In the 2024 proxy season, we found that approximately 58% of FTSE 350 companies awarded larger base salary increases to the wider workforce compared to executives. Further, based on companies that disclosed this information, the average employee increase was approximately 4.8% for FY2024, compared to approximately 4% for executives.
- With an average representation of women of 43.6% in 2024, FTSE 350 boards have made good progress towards meeting these targets - only 6% of FTSE 350 boards had not met this target in 2024. As a result, it is unlikely that gender diversity will be a contentious issue for FTSE 350 companies in 2025.

Europe

- For remuneration, investors' preferences for European companies are still strongly oriented towards performance-based schemes. As such, vote results on these proposals will again hinge on the strength of the board's argument in presenting its top manager's flight risk, as indicated by responses to Glass Lewis' 2024 Policy Survey.
- Broad agreement from European investors and public companies on the importance of board oversight of, and reporting on, artificial intelligence is present. It is expected to see a higher level of shareholder questions and possibly even counter motions and shareholder proposals at companies for which AI is a key material issue, or who are facing specific AI-related concerns.
- In 2024, the Corporate Sustainability Reporting Directive ("CSRD") came into effect, resulting in an increased number of European companies being required to disclose more non-financial information, including that covering specific environmental, social and human rights, and governance and sustainability factors. In addition, the CSRD requires that non-financial information be verified by an independent provider of verification services. Amidst these discussions, on February 11, 2025, the EU Commission announced its 2025 work programme, which focuses on simplifying existing legislation through a series of Omnibus Proposals aimed at reducing the administrative burdens of these directives by at least 25%, and at least 35% for SMEs.

Australia and New Zealand

- In 2024, shareholder dissent in Australian director election votes remained elevated compared to historical norms, although it did decrease from 2023. Specifically, 17 board-endorsed directors received more than 25% dissenting votes, down from 25 in 2023 but higher than the 12 recorded in 2022.
- In 2024, New Zealand saw an increase in the voluntary adoption of remuneration-related proposals among the S&P/NZX50 companies, excluding those domiciled in Australia. 5 constituents held such proposals, up from 3 in 2023, and all received significant shareholder support.
- On ESG shareholder proposals, there was a new development in Australia with the introduction of a new proponent, Sustainable Investment Exchange ("SIX"), who filed six proposals at two AGMs touching on biodiversity concerns. This contrasts to prior years where most shareholder proposals have focused on climate.

TfL Pension Fund

Implementation Statement (continued)

Japan

- In 2024, shareholder activism in Japan remained strong, though not as high as previous years. Glass Lewis reviewed various shareholder proposals on topics like the environment, diversity, capital allocation, and directors' pay. 57.8% of proposals were about ESG (Environmental, Social, and Governance) issues, slightly up from 55.9% in 2023. Support for environmental proposals dropped, with these proposals getting an average of 8.6% shareholder support, down from 11.6% last year.
- Vast majority of companies received strong support for their director election proposals. However, at companies facing governance issues, such as major scandals, certain director nominees did not receive the same level of support. For example, the Group CEO of Hankyu Hanshin Holdings received only 57.5% support for his reappointment.

Asia ex Japan

- In China's 2024 proxy season review, insufficient gender diversity or the absence of a diversity policy led to 11.3% of Glass Lewis' recommendations against directors. Insiders on remuneration committees was the cause for 24.5% of Glass Lewis' recommendations against directors. Additionally, 2.5% of Glass Lewis' recommendations against directors were due to non-independent committee chairs, lack of committee meetings, or no remuneration committee. Glass Lewis' policy expects these committees to be made up of non-executive directors, mostly independent, and to meet at least once a year.
- In the 2024 Korea proxy season, Glass Lewis recommended voting in favour of 74.5% of director election proposals, a 3% increase from 2023. The most frequent concern was board independence, which accounted for 56.5% of all issues, nearly 6% more than the previous year. On gender diversity, despite the mandate requiring large companies with assets over 2 trillion won to appoint at least one female director, the percentage of companies without any female directors rose to 10.3% in 2024, up by approximately 1.5% from 2023. The lack of significant penalties for non-compliance may allow companies to disregard this regulation, even with the amendment to the Capital Markets Act.
- In Malaysia, most 2024 proposals were approved by shareholders – but not all were overwhelmingly supported. Glass Lewis recommended voting against approximately 32% of all Malaysian director election proposals. The majority of the concerns involved a lack of board and committee independence.
- In Singapore, Glass Lewis covered 177 shareholder meetings (149 AGMs and 28 EGMs). In 2024, director elections received strong support with a 97% approval rate. Glass Lewis continues to oppose a significant portion of Singapore director elections. The primary concern stems from directors lacking sufficient independence at the sub-committee level, accounting for 46% of all withhold recommendations. Additional concerns include insufficient board independence (21%) and specific issues related to the audit committee (15%).

Latin America

- In 2024 proxy season, most Latin American countries had less than 33% female representation on their boards of directors. As market practice is still evolving across Latin America, Glass Lewis does not currently base director voting recommendations solely on gender diversity but consider it a concern when the board of a large-cap company does not have adequate representation of gender-diverse directors.
- During the 2024 proxy season, approximately 44% of the Brazilian companies in Glass Lewis coverage had established a dedicated ESG committee, which represents a 23% increase compared to 2023.

In conclusion, the 2024 proxy season across global markets reflected a continued evolution in shareholder expectations and corporate governance practices, albeit at varying paces and with region-specific nuances. Collectively, these trends underscore a global shift toward stronger accountability, sustainability, and responsiveness to shareholder concerns, even as the pace and focus differ by region. Glass Lewis has noted the US's shift in diversity, equity, and inclusion ("DEI") policies. Glass Lewis believes diversity enhances company performance and shareholder value, advocating for diverse boards and the Fund continues to adopt Glass Lewis' standard voting policy and will consider diversity factors in voting decisions.

In line with the Fund's Investment Beliefs, there is clear recognition that ESG/sustainability must be fully integrated into 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 investment managers and Sustainalytics. Based on this, the Fund has identified key votes deemed most significant over the year 2024:

TfL Pension Fund Implementation Statement (continued)

Company name	CVS Health Corp	UnitedHealth Group Inc	Regeneron Pharmaceuticals, Inc.
Investment mandate	Segregated	Segregated	Segregated
Meeting Date	16/05/2024	03/06/2024	14/06/2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.05%	0.13%	0.09%
Summary of the resolution	Shareholder Proposal Regarding Severance Approval Policy	Shareholder Proposal Regarding Report on Political Expenditures and Values Congruency	Shareholder Proposal Regarding Simple Majority Vote
How the Fund voted With or Against Management	For Against Management	For Against Management	For Against Management
Vote % Resolution Outcome	6.0% For 93.7% Against Rejected	24.8% For 73.0% Against Rejected	76.3% For 23.5% Against Passed
Rationale(s) for Voting Decision	<p>The Company has adopted a policy requiring shareholder approval for any new executive severance agreements exceeding 2.99 times base salary plus target bonus. While Glass Lewis generally supports seeking shareholder approval for severance above this threshold, the Company's policy demonstrates sufficient responsiveness to this matter hence Glass Lewis believes support on the resolution is not necessary at the time.</p> <p>On the other hand, Morningstar Sustainalytics believes to vote in favour of this resolution as executive compensation should be competitive and effectively retain and motivate leadership. More importantly, severance arrangements should align with the interests of shareholders and the broader workforce. While non-binding, seeking shareholder approval offers an added check against rewarding failure.</p>	<p>While companies should disclose political spending and ensure strong board oversight to manage related risks, Glass Lewis finds the Company's current disclosures on political contributions and related policies to be reasonable hence Glass Lewis were not convinced that the proposal is sufficiently justified.</p> <p>However, Morningstar Sustainalytics recommends voting in favour of this shareholder resolution, as the company does not provide an analysis of the alignment between its political campaign expenditures and its stated company values. The proponent notes that UnitedHealth ranked in the top 1% of corporate spenders on political campaigns in 2023.</p>	<p>Glass Lewis thinks empirical evidence suggests that certain entrenchment provisions, including supermajority vote standards, are negatively correlated with firm value. Supermajority vote requirements can act as impediments to takeover proposals and hinder shareholders' ability to approve ballot items that serve their interests. A simple majority vote is appropriate for all matters presented to shareholders and would enhance the Company's corporate governance principles thus support for the proposal is warranted.</p> <p>Similarly, Morningstar Sustainalytics views the supermajority votes standards as sub-optimal governance practices that can entrench poor policies and block shareholder reforms. They allow a minority shareholders to override majority shareholders will, hindering approval of resolutions in shareholders' best interests.</p>
Implications and lessons learnt out of the resolution's outcome. Probable future steps for the Fund to take after the outcome.	<p>The outcome suggests that many shareholders were satisfied with the Company's responsiveness on the matter without further action. Going forward, the Fund should continue to monitor the implementation of the new severance policy to ensure it operates as intended. Support for this practice will continue, premised on sound rationale, particularly if the stock remains held by the Fund.</p>	<p>The outcome suggests that many shareholders prioritized maintaining the current disclosure practices over additional transparency. Alignment between a company's political campaign expenditures and its values is crucial, without which such spending can undermine a company's stated mission, alienate stakeholders, and expose the company to material risks. Support for this practice will continue, premised on sound rationale, particularly if the stock remains held by the Fund.</p>	<p>The outcome of the proposal indicates strong investor support for improved governance practices. The adoption of a simple majority standard enhances shareholder rights and strengthens corporate accountability. Support for this practice will continue, premised on sound rationale, particularly if the stock remains held by the Fund.</p>
'Most Significant' criteria	Distinctive voting rationale and significant % of opposition to the proposal	Distinctive voting rationale and significant % of opposition to the proposal	Distinctive voting rationale and significant % of support to the proposal
Theme	Governance	Social	Governance

TfL Pension Fund Implementation Statement (continued)

Company name	MetLife Inc	Skyworks Solutions, Inc	Vertex Pharmaceuticals, Inc.
Investment mandate	Segregated	Segregated	Segregated
Meeting Date	18/06/2024	14/05/2024	15/05/2024
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.05%	0.07%	0.09%
Summary of the resolution	Shareholder Proposal Regarding Racial Equity Audit	Shareholder Proposal Regarding Adoption of Targets to Achieve Net Zero Emissions by 2050	Shareholder Proposal Regarding Right to Call Special Meeting
How the Fund voted With or Against Management	For Against Management	For Against Management	For Against Management
Vote % Resolution Outcome	16.4% For 82.9% Against Rejected	30.7% For 67.5% Against Rejected	72.2% For 27.7% Against Passed
Rationale(s) for Voting Decision	<p>Glass Lewis believes that companies must ensure that they are meaningfully addressing issues of racial injustice in their communities and workforces. A failure to do so could result in significant reputational risks for the Company, which have the potential to harm shareholders' interests. While recognizing the Company's existing efforts on DEI, undertaking the requested audit would help to identify and mitigate potentially significant risks.</p> <p>Similarly, Sustainalytics recommends voting in favour of this resolution, which requests that MetLife conduct an independent third-party audit to assess the racial impacts of its policies, practices, products, and services, along with recommendations and actions to address any identified issues.</p>	<p>Glass Lewis believes it is generally wise for management to evaluate its exposure to all types of risk, including environmental and social issues and related regulations, and to incorporate this analysis into the company's overall risk profile. In the absence of clear evidence of egregious or illegal behaviour that could indicate poor oversight of environmental or social matters and pose a threat to shareholder value, the support for this proposal is not sufficiently justified.</p> <p>In contrast, Sustainalytics recommends voting in favour of this proposal. The company's current greenhouse gas emissions reduction targets fail to cover its full value chain emissions and are not aligned with the goals of the Paris Agreement. Furthermore, the company does not currently track its Scope 3 emissions. Sustainalytics believes it is essential for companies to establish a credible plan for transitioning to net zero emissions and to publicly disclose a clear roadmap for achieving their carbon reduction targets within a defined timeline.</p>	<p>Glass Lewis believes a sizable minority shares should be required to prevent abuse by very small minority of shareholders. The Company currently allows 40% of shareholders to call a special meeting and has strong governance practices, including majority voting, proxy access, and no poison pill. Given its size and shareholder base, Glass Lewis believes lowering the threshold to 10% is appropriate.</p> <p>Similarly, Morningstar Sustainalytics views the right to call a special meeting as a fundamental aspect of good governance. This right should be accessible and balanced to prevent misuse. While the company allows 40% of shareholders to call a meeting, this high threshold is impractical for a widely held company.</p>
Implications and lessons learnt out of the resolution's outcome. Probable future steps for the Fund to Take subsequent to the outcome.	The voting outcome could indicate either confidence in management or scepticism about the racial equity audit's added value. But, given broad societal changes, it is important for companies, whose operations rely heavily on their employees' and customers' trust and loyalty, to address issues of racial equity to mitigate potential risks. Support for this practice will continue, premised on sound rationale, particularly if the stock remains held by the Fund.	Lack of comprehensive efforts to curtail emissions threatens shareholder value, particularly for diversified holders, for whom climate change poses an undiversifiable and unhedgeable risk. There is a need for stronger engagement with shareholders to build a clearer case linking enhanced climate action to long-term value. Support for this practice will continue, premised on sound rationale, particularly if the stock remains held by the Fund.	The voting outcome reflects strong investor support for enhanced shareholder rights and highlights the importance of accessible governance mechanisms, especially in companies with a dispersed shareholder base. The Company can implement this change within existing securities laws. Support for this practice will continue, premised on sound rationale, particularly if the stock remains held by the Fund.
'Most Significant' criteria	Distinctive voting rationale and significant % of opposition to the proposal	Distinctive voting rationale and significant % of opposition to the proposal	Distinctive voting rationale and significant % of support to the proposal
Theme	Social	Environment	Governance

TfL Pension Fund Implementation Statement (continued)

Engagement

Voting alone has limitations in fully representing an investor's view of a company's management and operations. Engagement plays a crucial role in achieving stewardship outcomes. As a result of this, engagement is a key tool that the Fund uses, with its stewardship partner Sustainalytics and the Fund's investment managers through three engagement streams. Latest annual engagement statistics obtained from the E360 that covers all the engagement streams are portrayed below: -

Engaged Companies	Total Engagements	AGMs Assessed
11% 126 out of 1,128 companies	157 As of May 7, 2025	9% 105 out of 1,128 companies Year to date

- North America stands out as the region where the highest number of engagements has taken place, with banking being the most engaged industries in the year. Disclosure and Climate Change formed a sizeable portion of engagement topics, approximately 49%, of these engagements, reflecting a growing emphasis on addressing climate governance.
- Mapping the engagements objectives to the UN Sustainable Development Goals ("SDGs") resulted into the following statistics: -
 - 4% in SDG 1 (No poverty)
 - 10% in SDG 2 (Zero hunger)
 - 35% in SDG 3 (Good Health and Wellbeing)
 - 13% in SDG 4 (Quality Education)
 - 13% in SDG 5 (Gender Equality)
 - 10% in SDG 6 (Clean Water and Sanitisation)
 - 18% in SDG 7 (Affordable and Clean Energy)
 - 46% in SDG 8 (Decent Work and Economic Growth)
 - 50% in SDG 9 (Industry, Innovation, and Infrastructure)
 - 18% in SDG 10 (Reduced Inequality)
 - 6% in SDG 11 (Sustainable Cities and Communities)
 - 63% in SDG 12 (Responsible Consumption and Production)
 - 34% in SG 13 (Climate Action)
 - 8% in SDG 14 (Life Below Water)
 - 9% in SDG 15 (Life on Land)
 - 35% in SDG 16 (Peace and Justice, Strong Institutions)
 - 5% in SDG 17 (Partnership to Achieve the Goal)
- Examples of engagement cases from each of the engagement streams are shown below:

Company	Syngenta AG ("Syngenta")
Company Background	Syngenta AG is a manufacturer of crop protection products and produces various herbicides, insecticides and fungicides for a variety of crops. Crop protection chemicals include herbicides, insecticides, fungicides and seed treatments to control weeds, insects and diseases in crops. Syngenta is investing heavily in research and development to close the technological gap in genetically modified seeds.
Engagement Stream	Global Standards Engagement
Engagement Since	Q2 2019
Engagement Status	Resolved (Q1 2025)
Issue	Syngenta AG has faced severe criticism for the adverse health impacts of its Paraquat herbicide.
Change Objective	Syngenta should address the environmental and/or health impacts of its products. Syngenta should fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.

TfL Pension Fund Implementation Statement (continued)

Engagement Outcomes	<ul style="list-style-type: none"> • Syngenta has addressed the environmental and/or health impacts of its products and discloses research material on these chemicals and their impacts. It reports that 120 countries have Syngenta toxicovigilance programmes in place. • With an ambitious global drive to reach and educate users of the product to prevent misuse, partnering with a reputable NGO 'Crop Life', Syngenta recognizes the need for proactive and long reaching action. • The company has implemented a new internal reporting system that tracks adverse impacts from the use of its products. This allows focused responses and a systematic way to track and analyse incidents. • Whilst the company does not have a process for seeking independent review of new products, it does have in place a sustainability criteria screening to ensure new products are not harmful to human health or the environment. • Conclusion: Since Syngenta has introduced a number of improvements to its product safety implementation, Morningstar Sustainalytics decided to resolve this engagement.
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Company	Kawasaki Heavy Industries Ltd (" Kawasaki ")
Company Background	Kawasaki Heavy Industries Ltd is a diversified industrial company serving land, sea, and air markets. It produces heavy machinery, including multiple land vehicles, large tankers, submarines, energy systems, and aerospace equipment. In addition, the company works to produce environmental plants, industrial plants, precision machinery, robots, and infrastructure equipment. One aspect of the company focuses on manufacturing motorcycles under its well-known Kawasaki brand. Another focus and revenue generator is the division geared towards manufacturing commercial aircraft and jet engines.
Engagement Stream	Material Risk Engagement
Engagement Since	Q3 2024
Engagement Status	Engaged
Change Objective	Builds out a mechanism that allows the company to track and report on the performance data on product quality and safety for its group companies.
Engagement Outcomes	<p>The engagement is still ongoing with latest recommendations from Sustainalytics that revolve around the following: -</p> <ul style="list-style-type: none"> • Enhances transparency in the Board's sustainability skills in the skills matrix. • Provides investors with information on the regular training programme in sustainability for the Board. • Enhance the existing whistleblowing system, by disclosing the company's no retaliation policy, and ensure the system is available in local languages, independently, and 24/7. • Implement risk assessments on business ethics and compliance. • Develop a mechanism to track and report performance data on product quality and safety for group companies. • Set the short-and medium-term targets to achieve net zero emissions by 2050. • Measure and disclose performance data on water discharge, waste emissions, and harmful chemical substances. Develop and disclose targets for effluent management and hazardous waste, with deadlines. <p>The dialogue between Sustainalytics and Kawasaki has been interactive where Kawasaki was proactive in asking questions on the standard practices of several material issues.</p>

TfL Pension Fund Implementation Statement (continued)

Company	Crédit Agricole SA (“CA”)
Company Background	Credit Agricole (CA) is the world’s largest cooperative financial institution, majority-owned by a group of 39 regional French banks. Currently, the French international banking group is the second largest bank in France and the third largest in Europe and tenth largest in the world. CA was founded originally to support and develop France’s agricultural sector and still has a strong tie and ambitions to support sustainable development in agriculture and agri-food sectors. Hence, the firm is highly exposed to biodiversity-related risks in its financing and investment portfolios.
Engagement Stream	Thematic Stewardship – Biodiversity and Natural Capital
Engagement Since	Q3 2022
Engagement Status	Engaged
Change Objective	<ul style="list-style-type: none"> • Company to enhance its impact and dependencies assessments by taking into account its various business lines and activities. • Report transparently on its risk assessment results. • Strengthen its commitments on natural capital and biodiversity by setting a robust strategy and implementing it accordingly. • Set targets or metrics associated with its material impacts and risks to ensure CA’s nature actions are accountable, measurable and practical.
Engagement Outcomes	<ul style="list-style-type: none"> • The latest engagement meeting took place in January 2025 which covered CA’s latest Group Corporate Social Responsibility Sector Policy on Deforestation and Ecosystem Conversion and its implementation strategies. CA also mentioned about its CSRD (Corporate Sustainability Reporting Directive) preparation and CA planned to confirm a methodology to assess its nature-related impact and dependency in 2025. • The next meeting is likely to take place in mid-2025 to discuss CA's impact and dependency assessment, nature-related target and CSRD disclosure.

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 2025 which comprise the Fund Account, 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 2025, 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

Our responsibilities and the responsibilities of the Fund's Trustee 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

11 July 2025

TfL Pension Fund Fund Account

For the year ended 31 March 2025

	Note	2025 £ million	2025 £ million	2024 £ million	2024 £ million
Contributions and benefits					
Contributions receivable	3				
Employer		297.7		328.2	
Employee		92.6		79.8	
Individual transfers in from other schemes		3.7		1.3	
		<u>394.0</u>		<u>409.3</u>	
Benefits payable	4	(547.7)		(506.9)	
Payments to and on account of leavers	5	(1.0)		(1.0)	
Other payments	6	(6.0)		(6.0)	
Administrative expenses	7	(6.3)		(5.0)	
Pension levies	8	(9.4)		(11.7)	
		<u>(570.4)</u>		<u>(530.6)</u>	
Net withdrawals from dealings with members			(176.4)		(121.3)
Returns on investments					
Investment income	9	197.1		187.5	
Change in market value of investments	11a	161.3		793.3	
Investment management expenses	12	(31.8)		(23.5)	
Net returns on investments			326.6		957.3
Net increase in the fund during year			150.2		836.0
Net assets at beginning of year			15,012.6		14,176.6
Net assets at end of year			15,162.8		15,012.6

The Notes on Pages 43 to 56 form part of these Accounts.

TfL Pension Fund

Statement of Net Assets (available for benefits)

As at 31 March 2025

	Note	2025 £ million	2024 £ million
Investment assets	11		
Bonds		885.2	699.7
Equities		2,339.4	2,664.0
Loans		321.6	326.4
Pooled investment vehicles	11b	10,608.9	9,821.5
Derivatives	11c	82.3	63.6
AVC investments		165.5	151.3
Cash and liquidity funds		706.9	1,210.8
Other investment balances		143.2	108.3
		15,253.0	15,045.6
Investment liabilities	11		
Derivatives	11c	(43.1)	(25.5)
Other investment balances		(70.3)	(32.9)
		(113.4)	(58.4)
Total net investments		15,139.6	14,987.2
Fixed assets held for own use	13	-	-
Current assets	14	42.2	47.8
Current liabilities	15	(19.0)	(22.4)
Net assets at end of year		15,162.8	15,012.6

The Notes on Pages 43 to 56 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 61 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 11 July 2025 and were signed on their behalf by:

M Antoniou
Director
TfL Trustee Company Limited

J Leach
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).

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.

It is the Trustee's responsibility to prepare the accounts on an appropriate basis and include sufficient and appropriate disclosure for a user to understand the basis on which the accounts have been prepared.

The accounts are prepared on a going concern basis, which the Trustee believes to be appropriate as the TfL Pension Fund has adequate resources to realise its assets and meet pension payments in the normal course of affairs and continue to operate for at least the next twelve months. In reaching this conclusion, the Trustee considered the Funding Position of the TfL Pension Fund; the trading position of the Principal Employer; the covenant position of the Principal Employer; and general operational matters relevant to the TfL Pension Fund.

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.

(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.

TfL Pension Fund

Notes to the Accounts (continued)

(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 their fair value as described below;
- (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) Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.
- (v) Unquoted securities are included at fair value estimated by the Trustee based on the advice from the Investment Manager using appropriate valuation techniques;
- (vi) Loans are included at fair value estimated by the Trustee based on the advice from the Investment Manager using appropriate valuation techniques;
- (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 2025 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)

3. Contributions receivable

	2025 £ million	2024 £ million
<i>Employers</i>		
Normal	<u>297.7</u>	<u>328.2</u>
	297.7	328.2
<i>Members</i>		
Normal	<u>67.7</u>	<u>60.1</u>
Additional Voluntary Contributions	<u>24.9</u>	<u>19.7</u>
	92.6	79.8
	<u>390.3</u>	<u>408.0</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 2024, no deficit reduction contributions are payable under the new Schedules of Contributions for the Public Sector Section certified by the Fund Actuary on 13 December 2024 and for the Composite Section certified by the Fund Actuary on 28 March 2025 effective from 15 December 2024 and 1 April 2025 respectively.

In addition to contributions required under the Schedule of Contributions an annual assessment is undertaken at 31 March each year to determine the Fund's financial position which in turn determines whether any additional contributions are required to be paid to the Fund by TfL. Due to the strength of the Fund and its current funding level, no deficit reduction contributions were required from TfL for the year to 31 March 2025 following this annual assessment (2024: £Nil).

4. Benefits payable

	2025 £ million	2024 £ million
Pensions	<u>427.0</u>	<u>392.7</u>
Commutations and lump sum retirement benefits	<u>119.1</u>	<u>112.3</u>
Lump sum death benefits (net of those insured)	<u>1.2</u>	<u>1.5</u>
Taxation where lifetime or annual allowance exceeded	<u>0.4</u>	<u>0.4</u>
	547.7	506.9

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

	2025 £ million	2024 £ million
Individual transfers to other schemes	<u>0.8</u>	<u>0.8</u>
Refunds to members leaving service	<u>0.2</u>	<u>0.2</u>
	1.0	1.0

6. Other payments

	2025 £ million	2024 £ million
Premiums on term insurance policies	<u>6.0</u>	<u>6.0</u>

TfL Pension Fund

Notes to the Accounts (continued)

7. Administrative expenses

	2025 £ million	2025 £ million	2024 £ million	2024 £ million
<i>Staff costs</i>				
Payroll	2.8		2.6	
Triage service	0.4		0.2	
		3.2		2.8
<i>Establishment costs</i>				
Accommodation	0.2		0.2	
Computer costs	0.5		0.5	
		0.7		0.7
<i>Professional fees</i>				
Legal fees	0.5		0.4	
Audit & Accountancy fees	0.1		0.1	
Tax fees	0.2		0.1	
Actuarial fees	0.9		0.4	
Medical fees	0.1		0.1	
Covenant review	0.1		-	
TfL Pensions review	-		0.1	
		1.9		1.2
<i>Communication</i>				
Distribution	0.2		0.2	
Printing	0.2		0.1	
		0.4		0.3
<i>Consumables</i>				
General		0.1		-
		6.3		5.0

Administrative expenses include recharges by Transport for London of £3.1m (2024: £2.8m) for staff and other costs.

8. Pension levies

	2025 £ million	2024 £ million
Pension Protection Fund	9.1	11.4
Pension Regulator levies	0.3	0.3
	9.4	11.7

9. Investment income

	2025 £ million	2024 £ million
Income from bonds	34.8	16.8
Dividends from equities	48.3	46.0
Income from pooled investment vehicles	49.5	42.8
Income from loans	11.4	26.4
Income/(Expenses) from derivatives	1.8	1.2
Income from liquidity funds	50.9	53.1
Income from securities lending	0.4	0.7
Other investment (expenses)/income	-	0.5
	197.1	187.5

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 2024	Purchases at cost & derivative payments	Sale proceeds & derivative receipts	Change in Market Value	Value at 31 March 2025
	£ million	£ million	£ million	£ million	£ million
Bonds	699.7	1,418.9	(1,223.4)	(10.0)	885.2
Equities	2,664.0	1,159.5	(1,476.8)	(7.3)	2,339.4
Loans	326.4	43.3	(50.0)	1.9	321.6
Pooled investment vehicles	9,821.5	1,883.8	(1,232.0)	135.6	10,608.9
Derivative contracts	38.1	17,275.6	(17,319.6)	45.1	39.2
Liquidity funds	1,046.9	2,666.7	(3,152.6)	(9.5)	551.5
AVC investments	151.3	24.9	(16.2)	5.5	165.5
	<u>14,747.9</u>	<u>24,472.7</u>	<u>(24,470.6)</u>	<u>161.3</u>	<u>14,911.3</u>
Cash deposits	163.9				155.4
Other investment assets	108.3				143.2
Other investment liabilities	(32.9)				(70.3)
Total net investments	<u>14,987.2</u>				<u>15,139.6</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:

	2025 £ million	2024 £ million
Absolute Return funds	2,226.6	1,970.4
Equity funds	1,986.8	2,502.1
Fixed Interest funds	794.8	753.8
Multi Private Credit funds	83.6	12.0
Private Equity funds and infrastructure funds	3,198.4	3,077.9
Property funds	134.4	220.0
Qualifying Investor fund (see below)	1,842.5	1,048.0
Reinsurance funds	341.8	237.3
	<u>10,608.9</u>	<u>9,821.5</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:

	2025 £ million	2024 £ million
Government Bonds	1,696.5	896.9
Network Rail Bonds	139.2	149.0
Options	-	0.4
Swaps	6.8	1.7
	<u>1,842.5</u>	<u>1,048.0</u>

TfL Pension Fund

Notes to the Accounts (continued)

b) Pooled investment vehicles (PIVs) (continued)

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

	2025	2024
	£ million	£ million
Absolute return	670.1	487.4
Fixed income	456.9	440.6
Reinsurance	341.8	237.4
	<u>1,468.8</u>	<u>1,165.4</u>

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

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
	£ million	£ million	£ million	£ million
Swaps	12.6	(5.6)	14.3	(6.9)
Futures	23.9	(10.2)	15.6	(4.6)
Foreign exchange	45.1	(26.5)	36.7	(17.2)
Options	0.7	(0.8)	0.9	(0.7)
	<u>82.3</u>	<u>(43.1)</u>	<u>67.5</u>	<u>(29.4)</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	Liability value at year end
			£ million	£ million
Interest rate swaps	86,027,048	Expires less than 1 year	-	(0.3)
	273,575,332	Expires 1 to 5 years	1.1	(2.0)
	86,583,900	Expires 5 to 10 years	0.9	(1.0)
	33,463,692	Expires 10 to 15 years	2.1	(0.3)
	53,092,809	Expires 15 to 20 years	0.3	(0.4)
	15,557,558	Expires 20 to 25 years	-	(0.2)
	6,529,652	Expires 25 to 30 years	0.1	-
	5,665,663	Expires 30 to 35 years	-	(0.1)
	1,020,991	Expires 50 to 55 years	0.1	-
Credit default swaps	326,277,541	Expires 1 to 5 years	6.2	-
	78,433,843	Expires 5 to 10 years	1.8	(0.2)
	10,000,000	Expires 30 to 35 years	-	(1.1)
Total 2025			<u>12.6</u>	<u>(5.6)</u>
Total 2024			<u>14.3</u>	<u>(6.9)</u>

At the end of the year the Fund held cash collateral of £31.3m (2024: £11.6m) 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 £ million	Liability value at year end £ million
Capital Goods	132,816,599	Expires 1 to 5 years	0.2	-
Commodities	378,625,897	Expires under 1 year	20.8	(6.3)
Equity	90,386,339	Expires under 1 year	-	(0.4)
SOFR	205,859,859	Expires under 1 year	0.5	-
Swap	142,721,682	Expires under 1 year	0.9	(1.1)
Treasury	428,905,168	Expires under 1 year	1.5	(2.4)
Total 2025			23.9	(10.2)
<i>Total 2024</i>			<i>15.6</i>	<i>(4.6)</i>

At the end of the year the Fund held cash collateral of £37.3m (2024: £31.0m) 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 and sold	Asset value at year end £ million	Liability value at year end £ million
Forward OTC	1 month	Various	2.5	(15.1)
Forward OTC	2 months	Various	3.3	(3.3)
Forward OTC	3 months	Various	13.4	(7.0)
Forward OTC	4 months	Various	17.2	(-)
Forward OTC	5 months	Various	8.1	(0.2)
Forward OTC	6 months	Various	0.6	(0.9)
Total 2025			45.1	(26.5)
<i>Total 2024</i>			<i>36.7</i>	<i>(17.2)</i>

TfL Pension Fund

Notes to the Accounts (continued)

c) Derivatives (continued)

Options

Type of Option	Nominal amount	Duration	Asset value at year end £ million	Liability value at year end £ million
Call OTC	41,467,771	Expires under 1 year	0.6	-
Put OTC	38,846,446	Expires under 1 year	-	(0.5)
Call OTC	24,378,251	Expires 1 to 5 years	0.1	-
Put OTC	24,571,548	Expires 10 to 15 years	-	(0.1)
Put OTC	5,263,962	Expires 20 to 25 years	-	(0.1)
Put OTC	2,276,308	Expires 30 to 35 years	-	(0.1)
Total 2025			0.7	(0.8)
<i>Total 2024</i>			<i>0.9</i>	<i>(0.7)</i>

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:

	2025 £ million	2024 £ million
Legal & General	163.5	148.3
Clerical Medical (legacy)	1.6	2.6
Standard Life (legacy)	0.4	0.4
	165.5	151.3

e) Transaction costs

Included within purchases and sales are direct transaction costs of £2.2m (2024: £2.2m) comprising commissions, fees and stamp duty. These costs are attributable to the key asset classes as follows:

	Commission £ million	Fees and Stamp Duty £ million	Total £ million
2025			
Equities	1.3	0.9	2.2
<i>2024</i>			
<i>Equities</i>	<i>1.3</i>	<i>0.9</i>	<i>2.2</i>

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:

At 31 March 2025	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
Bonds	2.1	883.1	-	885.2
Equities	1,931.9	-	407.5	2,339.4
Loans	-	-	321.6	321.6
Pooled investment vehicles	312.9	3,771.2	6,524.8	10,608.9
Derivatives	21.5	18.6	(0.9)	39.2
Liquidity funds	551.5	-	-	551.5
AVC investments	-	164.2	1.3	165.5
Cash	155.4	-	-	155.4
Other investment balances	72.9	-	-	72.9
	<u>3,048.2</u>	<u>4,837.1</u>	<u>7,254.3</u>	<u>15,139.6</u>

<i>At 31 March 2024</i>	<i>Level 1 £ million</i>	<i>Level 2 £ million</i>	<i>Level 3 £ million</i>	<i>Total £ million</i>
<i>Bonds</i>	<i>2.3</i>	<i>697.4</i>	<i>-</i>	<i>699.7</i>
<i>Equities</i>	<i>2,295.2</i>	<i>-</i>	<i>368.8</i>	<i>2,664.0</i>
<i>Loans</i>	<i>-</i>	<i>-</i>	<i>326.4</i>	<i>326.4</i>
<i>Pooled investment vehicles</i>	<i>300.1</i>	<i>3,482.8</i>	<i>6,038.6</i>	<i>9,821.5</i>
<i>Derivatives</i>	<i>18.3</i>	<i>19.6</i>	<i>0.2</i>	<i>38.1</i>
<i>Liquidity funds</i>	<i>1,046.9</i>	<i>-</i>	<i>-</i>	<i>1,046.9</i>
<i>AVC investments</i>	<i>-</i>	<i>149.1</i>	<i>2.2</i>	<i>151.3</i>
<i>Cash</i>	<i>163.9</i>	<i>-</i>	<i>-</i>	<i>163.9</i>
<i>Other investment balances</i>	<i>75.4</i>	<i>-</i>	<i>-</i>	<i>75.4</i>
	<u><i>3,902.1</i></u>	<u><i>4,348.9</i></u>	<u><i>6,736.2</i></u>	<u><i>14,987.2</i></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 2025	£ million	£ million	£ million	£ million
Bonds*	2,733.2	48.0	28.3	2,809.5
Loans	-	-	321.6	321.6
OTC Derivatives	34.4	-	-	34.4
Cash	709.3	-	-	709.3
Other investment balances	72.6	0.9	0.1	73.6
Stock lending	308.8	-	-	308.8
Repos	83.0	-	-	83.0
Time deposits	1.5	-	-	1.5
PIVs	-	-	8,766.4	8,766.4
	<u>3,942.8</u>	<u>48.9</u>	<u>9,116.4</u>	<u>13,108.1</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 2024</i>	<i>£ million</i>	<i>£ million</i>	<i>£ million</i>	<i>£ million</i>
<i>Bonds*</i>	1,755.5	14.0	5.8	1,775.3
<i>Loans</i>	-	-	326.5	326.5
<i>OTC Derivatives</i>	29.7	-	-	29.7
<i>Cash</i>	1,589.5	-	-	1,589.5
<i>Other investment balances</i>	64.6	0.2	0.1	64.9
<i>Stock lending</i>	300.0	-	-	300.0
<i>Repos</i>	77.4	-	-	77.4
<i>Time deposits</i>	24.7	-	-	24.7
<i>PIVs</i>	-	-	8,773.5	8,773.5
	<u>3,841.4</u>	<u>14.2</u>	<u>9,105.9</u>	<u>12,961.5</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 £794.7m (2024: £753.8m).

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

	2025	2024
	£ million	£ million
Open ended investment fund	3,429.1	3,880.6
Qualifying Investor Fund	1,842.5	1,048.0
Closed ended investment companies	1,211.3	993.1
Shares of limited partnerships	1,198.2	1,069.2
Open ended investment companies	1,176.0	1,167.7
Unit trusts	689.6	662.6
Closed ended investment funds	651.8	601.1
Private Tactical Credit	330.9	318.4
Shares of limited companies	60.9	62.6
Shares of listed REIT	17.2	17.0
Other	1.4	1.2
	<u>10,608.9</u>	<u>9,821.5</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			2025	2024
	Currency	Interest rate	Other price	£ million	£ million
Bonds	●	●	○	885.2	699.7
Equities	●	○	●	2,339.4	2,664.0
Loans	●	●	○	321.6	326.4
Pooled investment vehicles				10,608.9	9,821.5
Direct	●	○	○		
Indirect	●	○	●		
Derivative contracts	●	●	○	39.2	38.1
Liquidity funds	●	○	○	551.5	1046.9
AVC investments	●	●	●	165.5	151.3
Cash deposits	●	●	○	155.4	163.9
Other investments	●	○	○	72.9	75.4
Total				15,139.6	14,987.2

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 2025 £308.8m of investments were loaned comprising £173.2m Overseas equities, £105.4m Overseas fixed interest securities, £23m UK equities and £7.2m UK fixed interest securities. Collateral of £329.3m was held as at 31 March 2025 in the form of cash of £84.3m and non-cash of £245m (2024: £300m loaned against £318.3m collateral).

Additionally, included in the securities lending programme are Repos of £83m (2024: £77.4m) and Time Deposits of £1.5m (2024: £24.7m).

i) Self investment

There were no employer-related investments at any time during the year ended 31 March 2025.

j) Commitments

At the 31 March 2025 the Fund had contractual commitments of £1,519.2m (2024 £1,578.2m) 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 pages 16 to 17 of the Investment report.

12. Investment management expenses

	2025	2024
	£ million	£ million
Administration, management and custody	30.7	22.6
Performance measurement services	0.3	0.3
Other advisory services	0.8	0.6
	31.8	23.5

The total investment management expenses incurred during the year was £79.2m (2024: £66.6m) of which only £31.8m (2024: £23.5m) 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 £ million	Total £ million
Cost at 1 April 2024	0.7	0.7
Disposals	(0.5)	(0.5)
Cost at 31 March 2025	0.2	0.2
Accumulated depreciation at 1 April 2024	(0.7)	(0.7)
Depreciation charge for the year	-	-
Depreciation on disposals	0.5	0.5
Accumulated depreciation at 31 March 2025	(0.2)	(0.2)
Net book value at 31 March 2025 and 1 April 2024	-	-

14. Current assets

	2025 £ million	2024 £ million
Debtors		
Prepayments and accrued income	26.4	33.5
Cash balances	15.8	14.3
	42.2	47.8

Accrued income includes contributions of £14.1m (2024 £24.5m) received in accordance with the Schedule of Contributions after the year end.

15. Current liabilities

	2025 £ million	2024 £ million
Creditors		
Unpaid benefits	13.2	11.7
Accrued expenses and deferred income	5.8	9.5
	19.0	21.2
Unpresented items	-	1.2
	19.0	22.4

Unpresented items are payments submitted and cheques drawn but not presented for payment by 31 March 2025. Interest is not payable on these sums.

TfL Pension Fund

Notes to the Accounts (continued)

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.

The Trustee has been working with their advisors and have rectified the majority of cases where rectification was required. but at this point in time a method of equalisation for the Fund has not yet been agreed by the Trustee and the Company. The Trustee has however made good progress in reconciling its GMP records with those held by HMRC and expects to progress the work required to equalise member benefits in 2025/26 and 2026/27.

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, any 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.

17. Related parties

The Fund has received contributions from 11 Trustee Directors who are also members of the Fund. The Fund has paid benefits to 3 Trustee Directors 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 £3.1m (2024: £2.8m) and are included in Note 7 on page 46. At 31 March 2025, £1.6m (2024: £0.8m) 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 2025

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 31 March 2022 and 13 December 2024 effective from 1 April 2022 and from 15 December 2024 respectively, for the Composite Section certified by the Fund Actuary on 28 April 2022 effective from 1 May 2022. 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

£ million

Employers

Normal contributions	297.7
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Members

Normal contributions	67.7
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Contributions payable under the schedules (as reported on by the Fund auditor)	365.4
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Reconciliation of contributions payable under the schedules of contributions reported in the Accounts in respect of the Fund year

£ million

Contributions payable under the schedules (as above)	365.4
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Contributions payable in addition to those due under the schedules (and not reported on by the Fund auditor)	
--	--

Additional employer contributions	-
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Member additional voluntary contributions	24.9
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Total contributions reported in the accounts	390.3
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This Report was approved by the Board of Directors of the TfL Trustee Company Limited on 11 July 2025 and was signed on their behalf by:

M Antoniou
Director
TfL Trustee Company Limited

J Leach
Director
TfL Trustee Company Limited

TfL Pension Fund

Actuary's Certificates

Pages 59 to 60 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 2024 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 March 2025.

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 March 2025

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 2024 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 13 December 2024.

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 13 December 2024

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 2024. This showed that on that date:

The value of the Technical Provisions for the Public Sector section (PSS) was £11,954m and for the Composite section was £5.87m.

The value of the assets at that date was: £14,998m for the Public Sector section and £14.49m 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 return (relative to assumed RPI inflation) of 2.5% per annum at 31 March 2024 to a real return of 2.2% per annum from 31 March 2028 onwards.

Composite section = In service, a term dependent discount rate trending from a real rate of 1.05% per annum at 31 March 2024 to 0.4% per annum from 31 March 2028 onwards. The PSS discount rate is used post-transfer to the PSS.

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: 3.2% pa in deferment, 4.05% pa in payment

New Members: 3.15% pa in deferment, 3.2% 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 'S4' 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 mortality improvements after 2024 in line with the default parameterisation of the CMI_2023 1.5% model for the appropriate gender, with the core value of the smoothing parameter of 7.0 and an initial addition to the mortality improvements of 0%.

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 57, in respect of the Fund year ended 31 March 2025.

In our opinion the contributions for the Fund year ended 31 March 2025 as reported in the summary of contributions on page 57 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 schedules of contributions certified by the Fund Actuary on 31 March 2022 and 13 December 2024 and for the Composite Sector Section at least in accordance with the schedule of contributions certified by the Fund Actuary on 28 April 2022.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 57 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 57, 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

11 July 2025

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.

Participating Employer	Equity Fund			
	As at 31 March 2025		As at 31 March 2024	
	Units	£ million	Units	£ million
Public Sector Section	784,994,700	3,932.1	1,022,673,607	4,902.6
Composite section	2,178,999	10.9	2,170,247	10.4
	787,173,699	3,943.0	1,024,843,854	4,913.0

The Equity Fund unit price at the year end was £5.01 (2024 £4.79)

Participating Employer	Bond Fund			
	As at 31 March 2025		As at 31 March 2024	
	Units	£ million	Units	£ million
Public Sector Section	527,766,086	1,905.9	475,577,423	1,632.3
Composite section	1,187,086	4.3	1,190,481	4.1
	528,953,172	1,910.2	476,767,904	1,636.4

The Bond Fund unit price at the year end was £3.61 (2024 £3.43)

Participating Employer	Alternative and Liability Driven Assets Fund			
	As at 31 March 2025		As at 31 March 2024	
	Units	£ million	Units	£ million
Public Sector Section	4,006,940,661	8,868.1	3,352,741,534	7,435.9
	4,006,940,661	8,868.1	3,352,741,534	7,435.9

The Alternative Liability Driven Assets Fund unit price at the year end was £2.21 (2024 £2.22)

	31 March 2025	31 March 2024
	£ million	£ million
Equity Fund	3,943.0	4,913.0
Bond Fund	1,910.2	1,636.4
Alternative and Liability Driven Assets Fund	8,868.1	7,435.9
Other (non unitised assets allocated to Public Sector)	441.5	1,027.3
Total Net Assets at end of year	15,162.8	15,012.6

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

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

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 Pensions Ombudsman can be contacted at:

enquiries@pensions-ombudsman.org.uk

Telephone Local: 0800 917 4487 Overseas: +44 (0) 207 630 2200

THE TFL PENSION FUND OFFICE

The staff in the Fund Office will be pleased to answer any queries you may have. They cannot give financial advice or deal with tax matters but will be able to point you to who to contact for the assistance you need.

They can be contacted at:

TfL Pension Fund
8th Floor, Palestra
197 Blackfriars Road
London SE1 8NJ

Email at: helpdesk@tflpensions.co.uk

If you are telephoning the team, you can reach the call centre on **01737 235 298**. Please have your Member number and National Insurance number to hand when you call.

Fund Office appointments

The Fund Office team are working on a hybrid basis so we are now able to see visitors in the office, but with fewer people in the office each day we require that you contact us to book an appointment by email or telephone to ensure that a member of the team is available to help you.

If you have access to the internet, you can access our Pension Web Portal and find lots of information, including forms and Fund documents, on the Fund's website at www.tflpensionfund.co.uk