TfL PENSIONFUND

JULY

2026

ANNUAL REPORT & ACCOUNTS

for the year to 31 March 2026

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

MAYOR OF LONDON

Transport for London

TfL Pension Fund
Report and Accounts for the year to 31 March 2026

Contents

Administration Office:
TfL Pension Fund
Palestra
8th Floor
197 Blackfriars Road
London SE1 8NJ

Telephone: 01737 235 298
Email: - helpdesk@tflpensions.co.uk

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

Pension Schemes Registry scheme reference number: 10165351

TfL Pension Fund
Organisation and Advisers as at 31 March 2026

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, 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))
Ms C Calderato	Director of Strategy, Transport for London (TfL)
Mr T Cunnington	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)
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 2026 (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 M Hunter

Auditor
RSM UK Audit LLP

Fund Actuary
Mr G Oxtoby, WTW

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

Investment Managers	Date of Appointment
Anchorage Capital Group LLC	3 July 2017
Augment Brazil I, LP	26 October 2022
BlackRock Investment Management (UK) Limited	1 September 2014
Blackstone	19 September 2024
Blue Mountain Capital Partners LLC	1 August 2017
Brevan Howard Asset Management, LLP	18 February 2013
Bridgewater Associates, Inc.	2 November 2005
Cambridge Associates LLC	28 January 2022
CBRE Global Collective Investors UK Limited	11 September 2013
Coronation International Limited	24 July 2013
Equilibrium Capital Group LLC	3 December 2020
Euler ILS Partners Ltd (formerly Credit Suisse AG)	9 December 2015
Goldman Sachs Asset Management	15 June 2005
Harrison Street Real Estate Capital LLC	12 December 2019
IFC Asset Management Company, LLC	15 March 2013
Industry Funds Management Pty Limited	24 May 2013
J O Hambro Capital Management Limited	5 January 2010
JP Morgan Asset Management	15 January 2018
Man Asset Management Ltd	26 April 2018
Neuberger Berman Alternatives Advisers LLC	24 October 2014
Nomura Asset Management UK Limited	1 September 2004
Oak Hill Advisors, LP	1 August 2012
Paradice Investment Management Pty Limited	24 June 2014
Partners Group (UK) Limited	4 June 2010
Pzena Investment Management, LLC	24 June 2013
Russell Implementation Services Limited	8 December 2011
Semperian PPP Investment Partners Holdings Limited	18 February 2008
SCM ManCo 1 Limited	21 June 2018
Siguler Guff & Company, LP	10 December 2009
Stonepeak Associates III LLC	26 April 2018
Veritas Asset Management LLP	7 July 2015
Wellington Management Company, LLP	5 November 2012

TfL Pension Fund
Chair's Introduction

I am pleased to present my review for the year ended 31 March 2026. The Fund continued to reduce risk during the year, following the 31 March 2024 valuation, which showed the Fund was in surplus. Although reducing risk can lower overall returns, it also helps protect the Fund from possible falls in investment markets. Overall, this lower volatility is helpful for both members and the Principal Employer.

The Fund now hedges close to 53% of its liabilities, compared with a single-digit level at the time of the LDI crisis. This is part of the Trustee's ongoing plan to reduce risk by holding fewer growth assets, such as equities, and more assets that better match the Fund's liabilities, including UK index-linked gilts. The aim is to help protect the Fund's strong funding position while still generating suitable returns for an open scheme. This is especially important given current global uncertainty and high equity valuations, where a major market fall could put the Fund's position at risk. These changes also increase the focus on prudence, liquidity and cash management, helping the Fund remain resilient and ready to take advantage of good investment opportunities during market stress.

Employer support remains very important. The Trustee continues to focus on both the Fund's assets and liabilities to help secure members' benefits. The Fund's independent covenant reviewer has also continued to monitor developments relating to TfL, as the Principal Employer.

The Fund has more than 85,000 members, so day-to-day administration is a major task. During the year, the Fund Office completed more than 100,000 tasks and achieved service level agreement performance of 96.5%. The Trustee continues to look for ways to improve member service, making sure it remains efficient, responsive and aligned with members' changing expectations.

The Alternative Investment Committee and the Investment Committee continue to oversee the target portfolio of 17.5% equities, 45% bonds and 37.5% alternatives, including infrastructure, real estate, private equity and hedge funds. This diversified global portfolio has performed above the Fund's target benchmark over several periods, with more consistent returns and lower volatility than equities alone. This has been achieved despite a challenging geopolitical and economic backdrop.

Sustainability and net zero remain central to the Fund's values and long-term strategy. In December 2025, the Fund published its eighth Sustainability Report, which showed it remains ahead of its path towards a 55% reduction in carbon emissions by 2030 and net zero by 2045. During the year, the carbon intensity of the public portfolio rose by around 11%, even though absolute emissions fell by more than 25%. This was partly because the Fund increased its allocation to lower-emitting assets, such as government bonds, while some companies in the portfolio had flat or higher emissions. AI-related investment also had an impact, particularly through data centres, supply chains and semiconductor companies with higher carbon intensity. The Trustee recognises that progress will not always be linear and continues to favour engagement over blanket divestment. The link between AI growth and net zero goals is developing, and the Fund will continue to monitor it closely.

The Fund continues to exceed its target of allocating 15% of the portfolio to ESG-tilted investments. It is finding attractive global ESG opportunities that offer strong financial returns and real-world impact, even as ESG investing faces wider challenges. As a long-term investor, the Fund remains committed to this approach as a core part of its investment strategy.

The work of the other Committees — Actuarial Valuation, Audit & Risk, Operations and Appeals — together with the Trustee Board, has also helped support good governance across the Fund.

There was one retirement and one appointment to the Trustee Board during the year, and the Board was at full strength at year end. Since the introduction of the General Code, the Trustee has strengthened its governance and risk management framework. This has included creating a formal Risk Management Function, introducing a new risk register tool, refreshing risk content and adding structured horizon scanning to identify emerging risks.

Investment performance for the year was 11.5%, which was 1.1% above the benchmark return of 10.4%. Over three years, the Fund returned 6.9% per year, 0.9% below the benchmark. Over five years, returns were 6.1% per year, 2.9% above the benchmark. More information is included in the Investment Report starting on page 15.

I am pleased to report that the Fund ended the year in a very strong financial position, with assets of £16,586.5m, an increase of £1,423.7m from the previous year. On behalf of members, I would like to thank my fellow Trustee Directors and the Fund Office, led by the Fund Secretary, for their hard work. I look forward to the year ahead.

Chair's Introduction (continued)

Finally, I would like to thank Stephen Field who retired after 18 years as Fund Secretary at the end of May. Stephen made a major and lasting contribution to the success of the Fund and how it is administered always ensuring that member experience was front of mind. I am delighted that Martin Hunter joined as Fund Secretary in March, Martin brings with him a wealth of experience that will be invaluable going forward.

Maria Antoniou
Chair
10 July 2026

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 2026.

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 2026:

Retiring Director	Date of Retirement	New Appointment	Date of Appointment	Nominating Body
Ms R O'Donnell	30 November 2025	Ms C Calderato	27 March 2026	TfL

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 2026, 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 *	13	9	Mr FE Brennan *	15	13
Ms M Antoniou *	12	12	Mr LP Brown *	20	19
Ms T Ashton *	13	13	Mr SW Ellaby *	12	11
Ms C Calderato *	1	1	Mr P Kilius-Smith *	12	11
Mr T Cunnington *	11	11	Mr J Leach *	8	6
Mr MA Evers *	17	16	Mr CA Miller *	11	10
Mr C Reader *	13	12	Mr D Moore *	15	15
Mr J Terry *	15	12	Mr PJ Murphy *	22	22
Mr J Thirlby *	12	10	Mr JB Timbrell *	17	17

The average attendance for the Directors listed above at scheduled Trustee Board and Committee meetings was 91% TfL nominated and 92% non-TfL nominated respectively.

* All Trustee Directors have provided a certificate of completion of the Pensions Regulator Trustee Toolkit. Trustee Directors are expected to complete the Toolkit within six months of appointment.

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 LP Brown
	Mr MA Evers	Mr P Kilius-Smith
	Mr C Reader	Mr PJ Murphy
	Mr J Thirlby	Mr JB Timbrell
Alternative Investment (formerly Alternatives and Liability Hedging)	Mr MA Evers	Mr PJ Murphy
	Mr J Thirlby	Mr JB Timbrell
Operations	Ms M Adesida	Mr FE Brennan
	Ms C Calderato	Mr LP Brown
	Mr C Reader	Mr D Moore
	Mr J Terry	Mr PJ Murphy
Audit and Risk	Mr T Cunnington	Mr FE Brennan
	Ms C Calderato	Mr LP Brown
	Mr J Terry	Mr D Moore
Appeals	Ms M Adesida	Mr SW Ellaby
	Ms M Antoniou	Mr P Kilius-Smith
	Ms T Ashton	Mr J Leach
Actuarial Valuation	Ms M Antoniou	Mr SW Ellaby
	Mr T Cunnington	Mr CA Miller

3. Committee Remits

Investment Committee

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

Alternative Investment Committee

Covers investment matters concerning alternative assets, 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.

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.

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 followed the Pensions Regulator's guidance on the completion of the new General Code and Own Risk Assessment (ORA).

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.

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.

5. Financial review

The Accounts of the Fund for the year to 31 March 2026, 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, and the net current assets, amounted to £16,586.5m on 31 March 2026. The increase of £1,423.7m, compared with the value on 31 March 2025 of £15,162.8m, was made up as follows:

	Movement in the year	
	2026	***2025***
	£m	***£m***
Net returns on investments	1,748.0	*326.6*
Net withdrawals from dealings with members	(324.3)	*(176.4)*
	1,423.7	*150.2*

Net returns on investments comprised changes in the market value of investments of £1,570.2m (2025: £161.3m) and investment income of £207.9m (2025: £197.1m) which were partly offset by investment management expenses of £30.1m (2025: £31.8m). The change in market value of investments for 2026 was made up of realised investment gains of £1,035.3m and unrealised investment gains of £534.9m (2025: realised investment gains of £827.9m and unrealised investment losses of £666.6m).

The reduction from last year in the amount from dealings with members of £147.9m was mainly due to lower contributions receivable of £139.3m (reflecting the reduction in the contribution rate which took effect when the 2024 valuation was finalised, due to the improved funding position), an increase in benefits payable of £15.1m and offset by savings on pension levies of £8.9m. The rates of contributions payable by the employers participating in the Public Sector Section was 27.3% until 14 December 2024 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.

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 was 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 the Fund's website, at www.tflpensionfund.co.uk/about-tfl-pension-fund/actuarial-valuation/. They can also be obtained on application to the Fund Secretary at the address given on the contents page at the front of the Report and Accounts.

7. Changes in membership during the year

The table below summarises the movement in membership during the year to 31 March 2026. In addition, the Fund has 395 (2025: 384) pension credit members comprising 203 deferred pensioners (2025: 225) and 192 pensioners (2025: 159).

	2025/ 2026	**2025/ 2026**	*2024/ 2025*	*2024/ 2025*	**Change**
Contributing members as at 1 April	27,204		*26,208*		
Joiners	1,397		*2,421*		
	28,601		*28,629*		
Contributing members retiring	(673)		*(711)*		
Leavers taking a refund of contributions	(154)		*(272)*		
Leavers becoming deferred pensioners	(341)		*(405)*		
Leavers taking a trivial commutation lump sum	(3)		*(7)*		
Deaths in service	(28)		*(30)*		
Contributing members as at 31 March		27,402		*27,204*	198
Deferred pensioners as at 1 April	15,620		*16,048*		
Leavers becoming deferred pensioners	341		*405*		
	15,961		*16,453*		
Deferred pensions coming into payment	(676)		*(755)*		
Deferred pensioners transferring to other schemes	(14)		*(19)*		
Deferred pensioners taking a trivial commutation lump sum	(11)		*(14)*		
Deferred pensioner deaths	(34)		*(45)*		
Deferred pensioners as at 31 March		15,226		*15,620*	(394)
Pensioners as at 1 April	32,821		*32,647*		
Contributing members retiring	673		*711*		
Deferred pensions coming into payment	676		*755*		
	34,170		*34,113*		
Pensioner deaths	(1,160)		*(1,292)*		
Pensioners as at 31 March		33,010		*32,821*	189
Dependants as at 1 April	9,436		*9,477*		
Dependants becoming entitled to pensions	347		*553*		
	9,783		*10,030*		
Dependant deaths	(515)		*(561)*		
Dependants taking a trivial commutation lump sum	(-)		*(33)*		
Dependants as at 31 March		9,268		*9,436*	(168)
Eligible children as at 1 April	722		*729*		
Children becoming entitled to pensions	17		*27*		
	739		*756*		
Children ceasing to be eligible	(11)		*(31)*		
Child deaths	(3)		*(3)*		
Eligible children as at 31 March		725		*722*	3
Total membership as at 31 March		85,631		*85,803*	(172)

Details of contributing members by section as at 31 March 2026 were as follows:

	2025/ 2026	**2025/ 2026**	*2024/ 2025*	*2024/ 2025*	**Change**
		%		*%*	
Transport for London	27,388	99.95	*27,189*	*99.94*	*199*
Composite section	14	0.05	*15*	*0.06*	*(1)*
	27,402	100.00	*27,204*	*100.00*	*198*

8. Pension increases

Deferred members and pensioners receive increases in accordance with the Fund Rules. The April 2026 pension increase is based on the increase in the Retail Price Index over the 12 months to September 2025. Members of the Fund fall into one of two categories; *Existing Members* are those who joined the Fund when it was formed in April 1989 and *New Members* are those who joined on or after 2 April 1989 whose increase is capped at 5%. The full year's increase is 4.5% 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 2022	4.9%	4.9%
April 2023	12.6%	5.0%
April 2024	8.9%	5.0%
April 2025	2.7%	2.7%
April 2026	4.5%	4.5%

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 10 July 2026 and was signed on their behalf by:

M Antoniou
Director
TfL Trustee Company Limited

PJ Murphy
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 2026 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. No new Investment Manager was appointed during the year although certain investment portfolios have been expanded.

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 2026, including AVC investments, had a value of £16,566.8m an increase of £1,427.2m compared with their value of £15,139.6m as at 31 March 2025. Investment income (i.e. dividends and interest) amounted to £207.9m for the year to 31 March 2026 compared with £197.1m for the year to 31 March 2025.

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 2026

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 2026 are set out below (the table has been simplified due to the large number of managers).

Allocation	Weight %	Comparison Basis
UK equities	1.3%	FTSE All Share/MSCI UK
Developed market equities	14.3%	FTSE Developed World ex UK/MSCI World ex UK
Emerging market equities	2.4%	MSCI EM/ Russell EM
Fundamental equities	2.2%	FTSE RAFI All World 3000 Index
Liability hedging	13.4%	No suitable market indices for comparison
Global bonds	2.0%	BarCap 60/40 Sovereign Credit Index
Global bonds	2.9%	BarCap Global Agg Corp 1% Constrained
Alternative credit	4.3%	CS Leveraged Loan/BoAML US High Yield
Alternative credit	3.1%	BoAML US T-bills +2%
Alternative credit	1.5%	EMBI Global Div /JPM CEMBI Broad Div GBP Hedged
Liquid alternatives	19.7%	SONIA/ SOFR +3.25% / SONIA +5.25% pa
Renewables	0.4%	FTSE Index Linked Gilts over 15years Index +3%
Infrastructure	3.2%	UK/European RPI/CPI +3.5% pa
Infrastructure	6.7%	US CPI + 4% pa/ US CPI + 7% pa
Infrastructure	0.2%	MSCI Brazil Gross Index +3%
Infrastructure	0.1%	MSCI Emerging Markets +2%
Private equity	7.0%	MSCI World +3% pa
Private equity	0.2%	US CPI + 5% pa
Private credit	4.4%	BoAML Global High Yield +2% pa
Commodities	1.8%	Bloomberg Commodity 3 Month Forward
Real estate	4.4%	FTSE EPRA/NAREIT Developed +1%
Cash for investing/derivatives for hedging	4.5%	SONIA/Mark to market rates
	100.0%	

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.

Actual Asset Allocation Summary as at 31 March 2026

Portfolio	% of Fund	Manager
Core		
Index tracking (all asset classes) and liability matching	22.8	BlackRock Investment Management (UK) Limited [1]
Active Specialist		
Global bonds	4.9	Goldman Sachs Asset Management
Global equities 1	2.7	Pzena Investment Management LLC
Global equities 2	2.0	JO Hambro Capital Management Limited
Global equities 3	1.8	Veritas Asset Management LLP
Pacific Basin equities	1.4	Nomura Asset Management UK Limited
Global emerging market equities	1.1	Coronation International Limited
Global High Yield Credit	2.9	Oak Hill Advisors, LP [2]
Global Small Cap equities	1.2	Paradice Investment Management Pty Limited
Absolute Global Total Return	3.1	Wellington Management Company, LLP [7]
Asia (ex Japan) equities	0.4	JO Hambro Capital Management Limited
Emerging market debt	1.5	JP Morgan Asset Management [5]
Currency overlay	(0.1)	Russell Implementation Services Limited
Alternative Assets		
Global Macro Systematic Hedge Fund	7.6	Bridgewater Associates, Inc [2]
UK Core Infrastructure Investment	1.7	Semperian PPP Investment Partners Holdings Ltd [6]
Cory Waste to Energy/ Wadlow Windfarm Assets	1.6	SCM ManCo 1 Limited [7]
Private Equity Fund of Funds	0.2	Partners Group (UK) Limited
Reinsurance Fund of One	2.3	Euler ILS Partners Limited [2]
Alternative Credit (Asset Backed Securities)	1.4	Goldman Sachs Asset Management
Private Equity	0.2	Goldman Sachs & Co LLC
North America Opportunistic Private Credit	2.2	Siguler Guff & Company, LP
Alternative Beta Trend (Separate Account)	1.0	Goldman Sachs Asset Management
Private Global Real Estate (Separate Account)	3.1	CBRE Global Collective Investors UK Limited
Multi-Strategy Credit Hedge Fund	0.1	Anchorage Capital Group LLC
Global Macro Discretionary Hedge Fund	2.1	Brevan Howard Asset Management, LLP
Segregated Infrastructure Debt Portfolio	1.3	Industry Funds Management Pty Limited
Global Private Equity (Separate Account)	6.7	Neuberger Berman Alternatives Advisers LLCP
Private Corporate and Real Estate Debt	1.0	GS Mezzanine Partners
Emerging Market Infrastructure Fund	0.1	IFC Asset Management Company, LLC [2]
UK Renewables Infrastructure Fund	0.4	BlackRock Investment Management (UK) Limited [7]
Commodities Passive Index (Segregated Account)	1.8	BlackRock Investment Management (UK) Limited
UK Private Real Estate Fund	1.3	BlackRock Investment Management (UK) Limited [7]
Alternative Risk Premium Hedge Fund	1.0	Man Asset Management Ltd [7]
Multi-Strategy Hedge Fund	1.3	Man Asset Management Ltd [7]
North America Infrastructure Fund	3.3	Stonepeak Associates III LLC
North America Infrastructure Fund	1.9	Harrison Street Real Estate Capital [7]
Controlled Environment Agriculture Fund	0.2	Equilibrium Capital Group, LLC [7]
Macro Opportunities Drawdown Fund	0.4	Brevan Howard Asset Management, LLP
Hedge Fund Completion Programme (Separate Acc)	3.9	Cambridge Associates Ltd
Infrastructure Emerging Market Fund	0.2	Augment Infrastructure Managers Advisory LLC [3]
US Renewables Infrastructure Equity	0.7	Harrison Street Advisors, LLC [4]
Global Energy Transition Infrastructure Fund	0.7	Blackstone Management Partners L.L.C.
Cash	4.6	Cash
	100.0	

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 Bridgewater Pure Alpha Strategy Fund, Bridgewater All Weather China Strategy Fund, Euler ILS Fund, IFC Growth and Sustainability Fund, and Oakhill Enhanced Credit Fund as at 31 March 2026.

3 The Fund has a 99.48% (2025: 99.48%) economic interest in the Augment Brazil I, LP.

4 The Fund has a 50.00% (2025: 74.40%) economic interest in Harrison Street Renewable Energy Co-Investment I, L.P.

5 The Fund has a 43.30% (2025: 59.40%) economic interest in JP Morgan Emerging Market Debt.

6 The Fund has a 25.49% (2025: 25.49%) economic interest in Semperian PPP Investment Partners Holdings Limited.

7 The Fund has investments exceeding 5% of the economic interests in the following funds: BlackRock Long Lease Fund, BlackRock Renewable Income Fund, CEFF II Fund, Cory Topco Limited, Harrison Street Social Infrastructure Fund, Man ARP Fund, Man 1783 Fund and Wellington Global Total Return Fund.

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 2026 are shown below.

	Value £m	% of Fund's quoted equity holdings	Country	Sector
Taiwan Semiconductor	53.0	2.0	Taiwan	Information Technology
Amazon	25.2	1.0	USA	Information Technology
Samsung Electronics Co Ltd	24.6	0.9	S Korea	Industrials
Nvidia Corp	17.8	0.7	USA	Information Technology
Airbus SE	17.1	0.7	Netherlands	Industrials
Vinci SA	16.3	0.6	France	Industrials
Alphabet	15.8	0.6	USA	Communication Services
Unilever	15.6	0.6	UK	Consumer Discretionary
NU Holdings Ltd	14.9	0.6	Cayman Islands	Financials
Lear Corp	14.6	0.6	USA	Consumer Discretionary
	214.9	8.3		

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, in credit and in liability hedging. This was partially offset by positive quarterly returns within the Fund's alternatives portfolio. Over the three-year period, both alternatives and equities performed slightly below their respective benchmarks amid a challenging geopolitical environment. Nevertheless, this outcome underscores the resilience of the return-seeking portfolio and reaffirms the enduring benefits 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 2026 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 %	11.5	10.4	6.9	7.8	6.1	3.2
Ex currency hedging	8.4	12.5	4.9	9.2	5.1	7.0

The Fund assets returned 11.5% for the year ended 31 March 2026, 1.1% above its benchmark returns of 10.4%.

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.

Investment Report (continued)

Details of the performance of the individual portfolios in the year to 31 March 2026 gross of fees, unless shown otherwise, compared with the previous year are shown below:

	Year to 31 March 2026		*Year to 31 March 2025*	
	Fund %	**Benchmark %**	*Fund %*	*Benchmark %*
Index-Tracking – BlackRock				
UK equities	21.7	21.5	*10.4*	*10.5*
US equities	15.1	15.0	*6.2*	*6.2*
Canadian equities	32.0	32.1	*7.8*	*7.9*
European equities (ex. UK)	17.2	16.0	*3.5*	*3.5*
Japan equities	24.1	24.1	*(3.3)*	*(3.3)*
Pacific Basin (ex. Japan) equities	47.3	47.3	*(5.8)*	*(5.8)*
Middle East equities	91.2	90.5	*15.5*	*14.9*
Emerging Market equities	27.2	26.8	*5.9*	*5.8*
FTSE RAFI All World 3000	23.3	22.5	*6.3*	*5.9*
GeoExposure	23.0	23.7	*0.2*	*(0.9)*
LDI – BlackRock QIF	(1.1)	(1.1)	*(24.7)*	*(24.7)*
Equities				
Coronation – Global EM equities	8.9	26.8	*2.8*	*5.8*
J O Hambro – Asia (exJapan) equities	10.5	25.7	*5.5*	*9.0*
J O Hambro - Global equities	16.7	17.5	*(5.1)*	*4.9*
Nomura - Asian equities	28.0	24.0	*(0.2)*	*0.5*
Paradice -Global Small Cap equities	10.8	19.1	*(7.3)*	*(0.4)*
Pzena -Global equities	13.5	16.4	*5.1*	*4.8*
Russell - EM equities	30.6	22.7	*4.9*	*5.8*
Veritas - Global equities	(5.8)	17.5	*4.3*	*4.9*
Bonds				
BlackRock - Network Rail bonds[1]	3.0	3.0	*(6.6)*	*(6.6)*
Goldman Sachs - Asset Backed	5.8	4.1	*8.9*	*5.1*
Goldman Sachs - Corporate Credit	5.3	4.5	*5.9*	*5.1*
Goldman Sachs - Sovereign Credit	1.7	2.1	*2.2*	*1.8*
IFM – Infrastructure Debt	4.8	7.3	*5.8*	*8.2*
J P Morgan - Emerging Market Debt	7.9	8.0	*7.7*	*7.0*
Oak Hill - Enhanced Credit	2.7	(1.2)	*6.0*	*5.0*
Wellington	(0.7)	5.9	*8.4*	*7.0*
Other assets				
Anchorage Capital	(1.1)	7.3	*0.3*	*8.2*
Augment Brazil	(34.0)	58.4	*(1.0)*	*(12.4)*
BlackRock Commodities[1]	63.0	63.0	*7.9*	*7.9*
BlackRock long Lease Property	6.9	8.9	*9.7*	*3.8*
BlackRock Real Estate[1]	7.5	7.8	*2.6*	*2.7*
BlackRock Renewable[1]	(2.9)	5.6	*(9.4)*	*(13.2)*
Blackstone	56.7	23.0	-	-
Brevan Howard Fund[1]	11.6	7.3	*3.8*	*8.2*
Brevan Howard Special Opportunities	17.4	7.3	*(2.5)*	*8.2*
Blue Mountain Capital	(5.5)	7.3	*(6.2)*	*8.2*
Bridgewater Pure Alpha Plus Gold	69.8	45.4	*37.5*	*35.1*
Bridgewater AW China	18.7	5.4	*19.4*	*6.2*
Cambridge Associates Hedge Fund Program	11.4	5.4	*2.7*	*6.2*
CBRE	3.0	8.9	*1.0*	*3.8*
Colonial First State Global Asset Mgt[1]	3.7	10.8	*(9.0)*	*3.5*
Cory Topco Limited	4.2	7.7	*9.2*	*6.8*
Euler ILS[1]	10.2	5.4	*10.0*	*6.2*
Equilibrium CEFF II	(20.8)	6.5	*(37.9)*	*5.2*
Goldman Sachs Broad Street Real Estate	7.9	7.3	*17.8*	*7.9*
Goldman Sachs Coop Fund	66.1	19.9	*2.8*	*10.1*
Goldman Sachs Mezzanine VI	2.7	7.3	*9.2*	*7.9*
Goldman Sachs Mezzanine VII	0.5	7.3	*4.9*	*7.9*
Goldman Sachs - Trend	6.5	7.3	*(12.1)*	*8.2*
Goldman Sachs West Street	10.7	7.3	*7.4*	*7.9*
Harrison Street Net Zero	3.2	6.5	-	-
Harrison Street Social Infrastructure Fund	7.0	5.5	*3.5*	*4.2*
IFC Global Infrastructure	27.5	29.3	*(7.6)*	*7.9*
IFC Growth & Sustainability	(29.4)	29.4	-	-
Man ARP	24.3	7.3	*5.4*	*8.2*
Man 1783	15.7	7.3	*9.4*	*8.2*
Neuberger Berman	6.6	23.0	*8.3*	*7.9*
Partners Group	(4.4)	20.4	*(5.5)*	*8.4*
Semperian	4.0	7.7	*4.0*	*6.8*
Siguler Guff Distressed Debt	23.7	12.7	*(21.7)*	*7.7*
Siguler Guff TARO	8.6	7.3	*9.1*	*7.9*
Stonepeak Infrastructure Fund	3.7	8.6	*(5.1)*	*7.2*

[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.

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 2026 £m	% of total	Reported returns (where declared) Year to 31 March 2026
Legal & General			
All World Equity Index 3	49.8	24.8	16.0%
Diversified G28	41.8	20.8	11.4%
Cash 3	36.1	18.0	4.1%
HSBC Islamic Global Equity Index Fund 3	23.9	11.9	17.3%
World (Ex-UK) Equity Index 3	15.5	7.7	17.0%
UK Equity Index 3	13.8	6.9	22.0%
Ethical Global Equity Index 3	11.3	5.6	17.1%
All Stocks Index Linked Gilts Index 3	2.6	1.3	3.1%
Future World Global Equity Index Fund 3	2.2	1.1	15.4%
Future World Annuity Aware Fund 3	2.0	1.0	2.8%
	199.0	99.1	
Clerical Medical			
With Profits	0.8	0.4	N/A
Unit-linked funds	0.7	0.3	N/A
	1.5	0.7	
Standard Life			
Pension With Profits One Fund	0.4	0.2	N/A
	200.9	**100.0**	

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.

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 introduced 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 2026 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 2026.

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 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 2026), 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 a 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 2026

The SIP that was updated in March 2025 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 2025. The March 2025 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 2026. Changes were made to the ESG Policy section to clarify the approach regarding social sustainability matters. Other minor updates were made across the SIP to improve clarity where needed and reflect any changes in the investment strategy, liability risk management, liquidity 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 Voting Policy Overlay 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

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 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:

2025 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 2026:

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 received a two-day training seminar focusing on climate fundamentals, investment considerations and actions for pension schemes during 2024/25. This was followed up at the September 2025 IC meeting through a recap of the training and discussion around the next steps.

The Chair of the Investment Committee is a member of Accounting for Sustainability and attends industry seminars and conferences regularly. Fund Office staff who are involved 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**").

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 were 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.

In February 2026, the Investment Committee received a comprehensive update from Fund Office, on the Fund's equity, fixed income, and stewardship managers' responses to recent global ESG regulatory changes, particularly in the US. It highlighted how managers have generally maintained their ESG policies and processes, despite evolving regulatory and political environments, with a focus on financial materiality and sustainability. The Fund's managers have 'stayed the course' and stay aligned to the Fund's ESG Policy and the IMAs. In fact, ESG activities may have become more focused due to higher disclosure standards and push back against marketing greenwashing practices. Changes in the US also have not directly affected the EM or Asian mandates.

On the back of the review, it was agreed to switch the voting policy on the BlackRock passive equity portfolio from the manager's benchmark policy to Glass Lewis ESG Voting Policy, due to BlackRock's position as a passive manager. This is covered in the voting section below.

Every two to three years, equity and fixed income managers are asked to respond to a 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 in being 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.

In November 2025, 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 governance. Alongside an assessment of the Fund's public equity investment managers, this review has now 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 2027.

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 Universal Health Services Inc (UHS), a major US healthcare provider and the nation's largest operator of inpatient behavioural health facilities. UHS has faced intense scrutiny and litigation regarding patient care standards and labour practices within its behavioural health division, alongside historical allegations of improper billing. From a governance perspective, the dual class share structure concentrates voting power, which can limit board accountability to minority shareholders. These issues have contributed to lower ESG scores and necessitated direct dialogue between the manager and UHS management. Despite these concerns, the manager maintains the holding with trajectory of ESG improvement supported by the strategic acquisition of Talkspace in 2026 that shifts the business model toward a more transparent and accessible outpatient teletherapy platform, potentially easing staffing constraints and operational risks associated with inpatient-only care. The manager continues to engage ensuring that governance structures and patient-safety protocols evolve to protect long-term shareholder value.

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 had a higher overall ESG score than the 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
Q1 2026	6.16	5.47	5.33	4.98

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	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
Q1 2026	76.43	124.84	285.30	182.92

Further to the emissions intensity data given in the table above, the Fund produced figures outlining its environmental footprint (resource intensity output) for 2025 on page 13 in the 2025 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 Fund's Carbon Intensity Score increased over the past year because of AI-related massive energy intensive investments being made by large technology and data companies, greater share of hard asset businesses in the portfolio such as industrials and materials to support AI rollout, and a general slowdown in the greening of grids. This is consistent with our message in the 2025 Sustainability Report that the Net Zero journey would not be linear.

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. 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 2025 Sustainalytics conducted 90, 68, and 62 engagements concerning the Consumption & Production, Industry and Infrastructure, and Employment and Economic Growth SDGs, respectively. Additionally, the Fund's investments with an ESG tilt are diversified across sectors and split between private markets and public markets. Full details of these results can be found on page 20 in the 2025 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 deployed further capital across several private equity and infrastructure funds covering ESG tilted investments globally. Some examples are covered on page 23 and 24 in the 2025 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 15.2% of Fund assets when including capital committed that will be drawn down over the next few years, or 13.8% when including invested capital only. The Fund's strategic derisking has shifted more assets into the liability hedging mandate, which makes it more challenging to maintain the 15% allocation. That said, the Fund continues to deploy capital in ESG tilted assets, of which a high proportion is climate transition investments.

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 would complete PRI reporting as required. In the latest results from 2023/24, the Fund scored 5 stars (the highest score) in all but two of the ten categories assessed by the PRI. For 2025, the Fund completed the mandatory reporting. The Fund will submit full reporting again in 2026.

- The Fund continues 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.

    - The 2025 CDP Non-Disclosure Campaign (NDC) successfully mobilized 223 financial institutions managing nearly US$23 trillion in assets to drive corporate transparency. The campaign targeted 1,314 companies with a combined revenue of US$14.6 trillion, representing 12% of the global Gross Domestic Product (GDP). The campaign secured 57 new climate change disclosures and 74 new water security disclosures.

    - Regional successes were particularly notable in Latin America and the Caribbean and Japan, where the disclosure rate reached 25.4% and 21.8% respectively. Among industry sectors, the apparel industry led with an 18.2% disclosure rate, followed closely by power generation at 17.9%.

- 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. CA100 conversations with the companies are confidential but annual highlights are published on each company's website.

- 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

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

From 1 April 2024, as part of the Engagement 360 service, Sustainalytics provided an ESG voting overlay that complemented Glass Lewis's traditional corporate governance policies with specialist voting guidance on specific ESG topics. Sustainalytics delivered in total 1,383 vote recommendations in 2025.

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 an example where Sustainalytics provided voting recommendations that differed from Glass Lewis (Microsoft Corporation, Shareholder Proposal Regarding Report on Risks of AI Data Sourcing) and the Fund voted based on Sustainalytics recommendations. It also includes one example where Sustainalytics gave a recommendation that was in support of the Glass Lewis views (Zscaler Inc, Shareholder Proposal Regarding Board Declassification). These examples show that Glass Lewis carries out the Fund's voting in accordance with Sustainalytics's ESG recommendations, which strengthens the Fund's voting practice.

Pooled vehicles and voting policies

In the year 1 April 2025 to 31 March 2026, the Fund's pooled equity fund managers were BlackRock and Russell Investments where they were responsible for 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. During the year, given BlackRock's position as a passive manager, the Trustee decided to replace BlackRock's standard voting policy with Glass Lewis ESG Thematic Voting policy on the passive equity portfolio. Glass Lewis's ESG voting guidelines include an additional level of analysis seeking to vote consistent with widely accepted, enhanced environmental, social and governance practices. This will take effect from the scheme year 2026/27.

Engagement

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 2025 Sustainable Investing Report (page 15).

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 June 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.

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 2026:

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 June 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 2026 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 was set to deliver the expected returns (compatible with the Actuarial Discount Rate) while reducing the level of risk (Value at Risk). It also considered 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 was funded by divestment from equity and other growth assets. The implementation was 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 was carried out during Q2 2025, following the implementation of the updated LDI liability proxy benchmark to ensure accuracy of the hedge and will bring the hedge ratio to 50%.

In summary, in the year to March 2026, 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.

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 Investment 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 Investment 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 was fully redeemed by November 2025. 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 manager performance 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 -2.9% vs fees calculated on the same basis of 0.4% over a trailing 36-month period to 31 March 2026, leading to underperformance of -3.3% p.a. net of fees. As of 31 March 2026, the liquid alternative mandates generated around 5.0% alpha and the Fund paid 1.1% of fees, leading to outperformance of around 3.9% 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 2026, 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 2026-2027 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 investment managers, proper policy implementation will be monitored.

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.

Implementation Statement (continued)

Appendix

Voting Statistics

The table below gives a summary of voting statistics across all public equity holdings within the year to 31 March 2026:

	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	409	4,748	100%	92%	7%	1%	0%
BlackRock Total^	10,663	128,478	95%	95%	4%	1%	0%
BlackRock Russell Developed Large Cap EM Geo-Exposure Index Fund	302	4,945	97%	96%	4%	0%	0%
BlackRock Aquila Life MSCI World Fund	1,394	20,371	93%	97%	3%	0%	0%
BlackRock Aquila Life US Equity Fund	540	6,890	99%	99%	1%	0%	0%
BlackRock Aquila Life Canadian Equity Fund	50	767	100%	100%	0%	0%	0%
BlackRock Aquila Life UK Equity Fund	712	9,751	99%	98%	2%	0%	0%
BlackRock Aquila Life European Equity Fund	448	8,701	82%	92%	7%	1%	0%
BlackRock Aquila Life Japanese Equity Fund	419	5,028	100%	97%	2%	0%	1%
BlackRock Aquila Life Pacific Rim Equity Fund	400	3,303	99%	93%	7%	0%	0%
BlackRock Aquila Life Israel Equity Fund	68	581	100%	90%	8%	2%	0%
BlackRock Aquila Life Global 3000 Fundamental Weighted Index	3,818	45,049	95%	96%	3%	1%	0%
BlackRock iShares EM Index Fund (IE) Agg	2,512	23,092	99%	86%	10%	4%	0%
Russell Emerging Markets Equity Fund†	**569**	**6,557**	**100%**	**85%**	**11%**	**2%**	**2%**
Total	11,641	139,783	96%	93%	5%	1%	1%

Figures provided by the investment managers, Glass Lewis and Sustainalytics

^Voting statistics for Blackrock Russell Developed Large Cap EM GeoExposure Index Fund covers up to 31 October 2025 when the mandate was terminated. 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.

†Voting statistics for Russell Emerging Markets Equity Fund covers up to 30 November 2025 when the mandate was terminated.

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 jurisdictions. A select number of key voting trends for proxy season 2025/26 are given below.

North America

- Shareholder proposals aiming to separate the CEO and board chair roles appear to be driving structural changes. This is evidenced by an overall increase in both board independence and the appointment of independent chairs during the 2025 proxy season.
- There was an approximate 24% decrease in the number of companies within the Russell 1000 that disclosed the racial/ethnic diversity of directors on either the aggregate board or individual director level. Many U.S. companies revised their disclosures of board diversity in light of the landmark June 2023 Supreme Court decision, the current U.S. Administration's pronounced shift in its approach to diversity, equity and inclusion ("DEI") programs, and changing investor expectations.
- After several years of consistent growth, there was a 25% decrease in the number of shareholder proposals that went to a vote at US AGMs in 2025. This decline was largely driven by a smaller number of environmental and social proposals.

United Kingdom

- The increasing scope and complexity of corporate oversight have led shareholders to strictly monitor the time commitments of board members. There is a growing intolerance for 'overboarded' directors, driving a push for stricter policies that limit the number of external mandates non-executive directors and chairs can hold to ensure they have sufficient capacity to serve effectively.
- Shareholder opposition to executive pay outcomes surged, with 20 remuneration proposals facing significant dissent in 2025 (up from just 6 in 2024). This dissent was largely related to committee decisions regarding fixed pay increases, one-off awards, and the use of upward discretion.
- In the wake of the UK abolishing the banking 'bonus cap', four of the five largest UK banks rebalanced their remuneration structures by increasing variable incentives and reducing fixed pay. All received shareholder support, with approval rates ranging from 82% to 98%.

Europe

- The trend of raising executive pay continued in 2025, with 60% of large- and mid-cap companies proposing base salary increases for their CEOs. While most markets saw average raises between 6% and 9%, Spain led with 12%, and German large-caps saw even higher spikes at 14%. The push for higher pay was most visible in two specific industries:
    - Financial Institutions: Major banks like Deutsche Bank and BNP Paribas increased pay to stay competitive with US and UK firms, especially after the UK removed its bonus cap.
    - Defence Companies: Firms such as Airbus and Rheinmetall are adjusting pay upward as they scale operations to meet European government demands for rearmament.
- Environmental and Social (E&S) metrics are now a standard part of executive pay in the DACH region (Germany, Austria and Switzerland). In Germany, all large-cap companies and nearly 98% of combined large- and mid-cap firms include these metrics in their remuneration plans. Switzerland has also seen an upward trend, with over 90% of large- and mid-cap companies incorporating E&S goals—a 7% increase compared to 2024. Despite this growth, the need for greater transparency is now paramount. Many companies rely on qualitative and "opaque" metrics, resulting in poor disclosure that leaves assessments to subjective board discretion. This lack of clarity is particularly concerning when firms award above-target payouts based on non-financial outcomes even when they underperform on financial metrics.
- This proxy season marked the emergence of artificial intelligence governance as an area of board oversight. While only 21% of large-cap companies across Continental Europe had formal AI policies in place, a further 18% referenced AI risks or oversight in annual reports. These efforts represent initiatives ahead of the compliance requirements introduced by the EU AI Act.

Australia and New Zealand

- In Australia, while the total number of remuneration "strikes" decreased to 33 in 2025 from record levels in previous years, the severity of shareholder dissent intensified, with the average "against" vote for companies receiving a strike rising to 47% up from 42% in 2024. This reflects growing investor frustration with boards perceived as unresponsive to pay-for-performance misalignment or poor shareholder returns.

Japan

- The 2025 proxy season in Japan was characterized by high director approval rates, improved disclosure practices, and a high volume of ESG-related shareholder activism. Glass Lewis maintained a strong support rate for 91.9% of director nominees. While most received high approval, notable failures occurred at companies with governance issues.
- Improved disclosure. English-language disclosure is now standard for over 90% of large-cap and Prime Market-listed companies, with more than 70% of these firms providing simultaneous Japanese and English releases.
- Shareholder activism remained robust, with ESG topics accounting for 58.4% of all shareholder proposals, a slight increase from 57.8% in 2024. However, despite the increased volume of proposals, average shareholder support fell from 14.7% to 13% overall.

Asia ex Japan

- 2025 proxy season for Chinese A-share companies was marked by significant regulatory-driven shifts in dividends, board structures, and listing strategies. Driven by regulatory enforcement and a focus on shareholder returns, interim dividend proposals surged by 157% to 422 (vs 164 in 2024), with activity in the industrials, materials, information technology, and healthcare sectors. Simultaneously, 129 proposals were recorded to abolish supervisory boards in favour of a unitary board model featuring audit committees, a structural reform mandated by amendments to the Company Law to streamline governance by January 2026. Additionally, H-share issuance activity in Hong Kong rose dramatically from three cases in 2024 to 36, as companies sought dual listings to hedge against geopolitical tensions and US delisting risks while benefiting from streamlined approval processes and strong mainland capital inflows.

- The 2025 proxy season in Taiwan featured a 322% surge in proposals to amend articles of incorporation, with 885 filings (vs 274 in 2024) specifically formalizing profit-sharing allocations for grassroots employees and directors to improve talent retention and performance alignment. Simultaneously, following the Financial Supervisory Commission’s release of the Sustainable Development Action Plans for Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEx) Listed Companies (2023) in March 2023, many companies updated the composition of their board so that independent directors would comprise at least one-third of the board and serve no more than three consecutive terms. While full implementation is not due until 2027, these changes already mark a significant move toward enhanced board independence. The reforms bring Taiwan closer to global standards and on par with its peers in the region.
- The 2025 proxy season in Korea shifted toward long-term governance reform, driven by increased activism and pending legislative changes. Shareholder proposals surged by 84.3% year-on-year, with governance-focused proposals such as director elections and cumulative voting increased by 25%. Glass Lewis significantly increased its support for these proposals, recommending in favour of 53.2% compared to just 5.9% in 2024. This reflects improved proposal quality and stronger alignment with governance standards and shareholder interests.

Latin America

- In 2025 proxy season, shareholder support for directors in Brazil remained high, with slate elections averaging 89.2% support and individual elections averaging 87.6%. Brazil is unique in the region for requiring mandatory shareholder approval of executive pay. While all remuneration proposals at Brazil’s large and mid-cap companies passed this year with an average of 90.4% support, 13% faced material dissent. Primary investor concerns focused on poor overall design, poor disclosure, and excessive increases in base pay.
- A large majority of companies across Argentina, Chile, Colombia, Mexico and Peru continue to not disclose their board nominees ahead of the meeting. Disclosure of vote results also remains rare, with most companies just disclosing whether resolutions were approved by shareholders.

The 2025 global proxy season reveals a maturing corporate governance landscape where shareholders are increasingly leveraging their voting power to demand strict board accountability, transparent executive compensation, and structural independence. While regional disparities remain—from Europe's formalized ESG metrics to North America’s pushback—a unifying theme has emerged across all markets: investors are no longer offering blanket approvals. Instead, they are actively challenging corporate practices, penalizing 'overboarded' directors, and demanding that executive incentives and ESG initiatives be explicitly linked to tangible, long-term shareholder value creation.

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 ending March 2026:

Company name	Zscaler Inc	Microsoft Corporation	Weichai Power Co
Investment mandate	Segregated	Segregated	Pooled (Russell)
Meeting Date	12/01/2026	05/12/2025	13/06/2025
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.03% of total Fund	0.12% of total Fund	0.38% of Russell pooled fund
Summary of the resolution	Shareholder Proposal Regarding Board Declassification	Shareholder Proposal Regarding Report on Risks of AI Data Sourcing	New Financial Services Agreement
How the Fund voted | With or Against Management	For | Against Management	Against | With Management	Against | Against Management
Vote % | Resolution Outcome	51.3% For, 48.3% Against | Passed	13.2% For, 85.6% Against | Rejected	91% For, 9% Against | Passed

Rationale(s) for Voting Decision	**Glass Lewis advised voting for this proposal.** Glass Lewis argues that staggered boards act as a powerful takeover defence that entrenches management and discourages potential acquirers, ultimately depriving shareholders of value-generating offers. They emphasize that annual elections are the most effective mechanism for shareholders to express dissatisfaction with board performance. Furthermore, Glass Lewis points to a significant shift in market standards, noting that approximately 90% of S&P 500 boards have already transitioned to annual terms. Similarly, Sustainalytics is of the opinion that moving from 3-year staggered terms to annual elections to enhance director accountability and shareholder oversight. Their rationale hinges on the belief that classified boards can insulate underperforming directors and that, for a mature public company like Zscaler (public since 2018), the benefits of annual responsiveness outweigh the stability of a staggered structure and that annual elections align with modern governance standards and prevent the negative impact on firm value often associated with classified boards in established companies.	**Glass Lewis advised voting against this proposal.** Glass Lewis finds that while AI investment offers substantial growth, it also introduces significant legal and reputational risks regarding the use of external training data. Supporting the resolution serves as a necessary push for Microsoft to provide the comprehensive context needed for investors to properly assess AI-related risk management. However, Sustainalytics recommends voting against the resolution on the premise that Microsoft's existing disclosures and governance structures already fulfil the proposal's core requests. While the proponent argues that in-house model development requires new oversight, Sustainalytics asserts that the Company's Responsible AI Standard and data handling policies apply consistently across all models. Furthermore, they highlight Microsoft's robust oversight and its alignment with international human rights standards as evidence that no material deficiency or oversight gap currently exists to justify additional reporting.	Russell considered the pooling of the group's cash through an unlisted financial vehicle may give the parent company control over the listed company's finances. Such practices may expose the shareholders of a listed company to undisclosed risks.
Implications and lessons learnt out of the resolution's outcome. Probable future steps for the Fund to take after the outcome.	The success of the shareholder proposal on board declassification signals that shareholder pressure has reached a tipping point where modern governance expectations now outweigh legacy "staggered" protections. The immediate implication is active monitoring of the implementation. Furthermore, this outcome serves as a strategic precedent, providing a case study on how ESG-driven voting can successfully challenge management entrenchment in maturing public companies.	This result highlights a divide in perspectives between a majority of shareholders who trust existing governance and a significant minority concerned about long-term ethical risks. The vote result suggests that the market currently views impending regulatory compliance as a sufficient safeguard, making further reporting mandates appear redundant. In future proxy seasons, investors should monitor the robustness of the Company's forthcoming regulatory disclosures to determine if they adequately address the underlying data risks or if renewed shareholder action is required.	~9% of shareholders opposed this proposal, including Russell Investments. Manager believed their guidelines functioned as intended and the rationale was sound.
'Most Significant' criteria	Distinctive voting rationale and significant % of support to the proposal	Distinctive voting rationale and significant % of opposition to the proposal	Top Holding, Vote Against Management, M&A
Theme	Governance	Social	Governance

Company name	**Cboe Global Markets Inc.**	**Dollar General Corp.**	**Amazon.com Inc**
Investment mandate	Segregated	Segregated	Pooled (BlackRock)
Meeting Date	06/05/2025	29/05/2025	21/05/2025
Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	0.07%	0.07% of total Fund	3.56% (of BlackRock pooled fund)
Summary of the resolution	Shareholder Proposal Regarding Political Contributions and Expenditures Report	Shareholder Proposal Regarding Human Rights Policy	Report on Impact of Data Centres on Climate Commitments
How the Fund voted | With or Against Management	For | Against Management	For | Against Management	Against | With Management
Vote % | Resolution Outcome	55.8% For, 43.6% Against | Passed	22.9% For, 76.8% Against | Rejected	19.9% For, 80.1% against | Rejected

Rationale(s) for Voting Decision	**Glass Lewis advised voting for this proposal.** Glass Lewis argues that the company's current disclosures regarding political spending are insufficient and lack the transparency necessary for proper oversight. While acknowledging existing policies, Glass Lewis emphasizes the need for an itemized list of all recipients particularly trade associations and lobbying groups to help shareholders identify potential reputational risks associated with indirect donations. Given the heightened scrutiny of corporate political influence, Glass Lewis maintains that more accessible and granular reporting is essential for shareholders to accurately weigh the risks and benefits of the company's political expenditures. Similarly, Sustainalytics views that Cboe's current disclosures are insufficient. Despite Cboe's established governance framework and Cboe's Political Action Committee (PAC) oversight, Sustainalytics highlights a significant transparency gap regarding "dark money" expenditures. The recommendation emphasizes that misalignments between a company's public values and its political activity can create systemic risks, a concern reflected in the Company's poor score of 4.3% on the CPA-Zicklin Index of Corporate Political Disclosure and Accountability (the index scores companies based electoral spending transparency and accountability, Cboe only scored 4.3 percent out of a scale of 100, positioning the Company at the Bottom Tier). Ultimately, Sustainalytics argues that comprehensive disclosure of all direct and indirect electoral spending is necessary for shareholders to ensure that corporate influence aligns with long-term strategic priorities.	**Glass Lewis advised voting for this proposal** because the Company's current human rights policy is insufficient, focusing almost exclusively on vendor standards while failing to comprehensively address its own internal operations and direct employees. Despite the Company's claim of compliance, it remains an outlier compared to most S&P 500 peers that maintain policies aligned with international standards covering their primary business. Given recent controversies regarding employee safety and unionization, and the fact that this precatory proposal provides management with significant flexibility in how it is implemented, supporting the resolution is considered a necessary step to mitigate risk and align the Company with industry best practices. Similarly, Sustainalytics views that the requested disclosures would address critical, undisclosed ESG risks regarding the Company's human rights due diligence across its operations and supply chain. Although the Company conducted a third-party safety audit following a successful 2023 shareholder resolution, it has failed to transparently report on the specific obstacles identified in that audit or explain how it aligns with international frameworks like the UN Guiding Principles on Business and Human Rights. This lack of transparency is particularly concerning given significant regulatory scrutiny, including over $21 million in fines and numerous unfair labour practice charges.	BlackRock believed that the company already provides sufficient disclosure and/or reporting regarding this issue or is already enhancing its relevant disclosures.
Implications and lessons learnt out of the resolution's outcome. Probable future steps for the Fund to Take subsequent to the outcome.	The majority support of 55.8% signals a clear mandate from shareholders for greater transparency regarding "dark money" and indirect lobbying risks. This successful outcome suggests that the Cboe's inadequate disclosure and poor CPA-Zicklin Index ranking were no longer acceptable to investors, who now view granular political spending data as essential for assessing reputational and governance risks. The Fund will continue to support this practice, premised on sound rationale.	The outcome suggests that many shareholders prioritized maintaining the current policy practices over additional transparency. Alignment between the Company's operational conduct and its values is crucial, without which such governance gaps expose the company to material risks. The Fund will continue to support this practice, premised on sound rationale.	"Generally, BlackRock Investment Stewardship supports the vote recommendations of the board of directors and management. When we determine it is in our clients' financial interests to convey concern to companies through voting, we may do so in two forms: we might not support the election of directors or other management proposals, or we might not support management's voting recommendation on a shareholder proposal. In some cases, companies may request an engagement after a shareholder meeting to provide additional clarity. BlackRock Investment Stewardship identifies and prioritizes companies for engagement based on several factors, including but not limited to, identified or potential material financial risks, aggregate client exposure, corporate developments, changes in regulation, or geopolitical or environmental-related developments that could impact a company's operations. We determine engagement would be helpful to further understand a company's

			situation after assessing its disclosures. We value the opportunity to listen to company leadership, which enhances our understanding of their business models, ensuring that our proxy voting decisions are based on a comprehensive view on company practices and priorities. In these conversations, we do not direct companies on how they should manage their business. That responsibility lies with management, with input from the board."
'Most Significant' criteria	Distinctive voting rationale and significant % of support to the proposal	Distinctive voting rationale and significant % of support to the proposal	"BIS prioritizes its stewardship activities around themes on which the team most frequently engages companies, where these issues are relevant and represent a source of material business risk or opportunity. These themes are: board quality and effectiveness; strategy, purpose, and financial resilience; incentives aligned with financial value creation; climate and natural capital; and company impacts on people. BIS has identified a population of shareholder meeting proposals that align with these themes and are therefore considered significant."
Theme	Social	Social	Environmental

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 the Fund's investment managers and its stewardship partner Sustainalytics through three engagement streams. Latest annual engagement statistics (excluding passive equity mandates) that covers all the engagement streams are shown below:-

Engaged Companies	Total Engagements	AGMs Assessed
10%	**132**	**9%**
111 out of 1,158 companies	As of May 7, 2026	109 out of 1,158 companies Year to date

North America stands out as the region where the highest number of engagements has taken place, with Financials being the most engaged sector in the year. Disclosure and ESG Governance formed a sizeable portion of engagement topics, approximately 51%, of these engagements, reflecting a growing emphasis on foundational transparencies and integration of sustainability into core-corporate oversight.

- Mapping the engagement objectives to the UN Sustainable Development Goals ("SDGs") resulted into the following statistics (each engagement can be mapped to one or more SDGs): -

SDG	Description	Percentage
SDG 1	No Poverty	5%
SDG 2	Zero Hunger	15%
SDG 3	Good Health and Wellbeing	39%
SDG 4	Quality Education	14%
SDG 5	Gender Equality	14%
SDG 6	Clean Water and Sanitisation	11%
SDG 7	Affordable and Clean Energy	23%
SDG 8	Decent Work and Economic Growth	57%

SDG 9	Industry, Innovation, and Infrastructure	59%
SDG 10	Reduced Inequality	15%
SDG 11	Sustainable Cities and Communities	7%
SDG 12	Responsible Consumption and Production	71%
SDG 13	Climate Action	41%
SDG 14	Life Below Water	9%
SDG 15	Life on Land	10%
SDG 16	Peace and Justice, Strong Institutions	44%
SDG 17	Partnership to Achieve the Goal	8%

- Examples of engagement cases from each of the engagement streams are shown below:

Company	The Boeing Co. ("**Boeing**")
Company Background	Boeing is a major aerospace and defence firm operating in three segments: 1. Commercial airplanes; 2. Defence, space, and security; and 3. Global services. Boeing's commercial airplanes segment competes with Airbus in the production of aircraft that can carry more than 130 passengers. Boeing's defence, space, and security segment competes with defence contractors such as Lockheed Martin and Northrop Grumman to create military aircraft, satellites, and weaponry. Global services provides aftermarket support to airlines. Sustainalytics initiated the engagement with Boeing primarily due to significant concerns regarding product quality and safety following a series of fatal accidents and manufacturing failures.
Engagement Stream	Global Standards Engagement
Engagement Since	Q3 2019
Engagement Status	Engaged
Change Objective	• Boeing is expected to take the appropriate steps to ensure that its 737 MAX series aircraft safely return to commercial flight. • Boeing should take measures to remediate the significant impacts of incidents related to the 737 MAX aircraft, which includes providing appropriate support and compensation where reasonable. • Boeing should implement a robust, precautionary approach toward product quality management throughout all its operations.

Engagement Outcomes	• Boeing has introduced significant governance and structural reforms to address long-standing safety concerns, such as separating the Chair and CEO roles and establishing a Board-level Aerospace Safety Committee. • Boeing also centralized its engineering divisions and deployed an enterprise-wide Safety Management System to improve oversight and culture. • Boeing created a USD 500 million fund for families of crash victims and paid USD 219 million to settle shareholder claims regarding board-level safety oversight. Sustainalytics is now focused on verifying the effectiveness of Boeing's safety remediation measures and looking for measurable outcomes in areas such as error reduction, conformance rates and escaped defects. Future engagement will prioritize the review of public disclosures and the use of written communication to signal investor expectations, especially following Boeing's recent decision to cancel a scheduled dialogue.

Company	China Mengniu Dairy Co ("**Mengniu**")
Company Background	China Mengniu Dairy Co., Ltd is a leading Chinese manufacturing and distribution company specializing in dairy products and ice cream. It operates within the Packaged Foods sector, is subject to Sustainalytics' engagement due to its high ESG Risk Rating. The engagement follows the company's decade-long efforts to rebuild consumer trust after the 2007–2008 melamine scandal. The most material issues driving the risk are Water Use - Own Operations, Carbon - Own Operations, and E&S Impact of Products and Services.

Engagement Stream	Material Risk Engagement
Engagement Since	Q1 2020
Engagement Status	Engaged
Change Objective	China Mengniu should develop consistent and dynamic engagement strategies with the full value chain on biodiversity and carbon emissions.
Engagement Outcomes	• Mengniu has demonstrated growing maturity in recognizing systemic ESG issues, including deforestation risks in its feed supply chain, and is investing in influencing its broader value chain on climate and biodiversity. In 2024, the company launched a comprehensive "GREEN Strategy". This strategy is built on five pillars: Governance, Responsibility, Environment (Carbon Net-Zero), Ecosystem, and Nutrition. • In 2023 Mengniu has adopted the TCFD framework to assess physical climate risk, developed a detailed water risk analysis, and established a new Sustainability Committee at the board level. More recent achievements include committing to a zero-deforestation supply chain by 2030 and joining the Roundtable on Sustainable Palm Oil (RSPO). While Mengniu has successfully transitioned from a period of reputation rebuilding to one of structured ESG management, long-term success will depend on the company's ability to overcome challenges related to data collection from small-scale suppliers and its reliance on emerging technologies to meet net-zero targets. Sustainalytics has scheduled a follow-up call for Q2 2026 to review updated practices in water and carbon management.

Company	BASF SE (“**BASF**”)
Company Background	BASF is one of the world’s leading chemical companies. It's headquartered in Germany near the Rhine River, which helps with logistics-related savings. Founded in 1865, it produces a vast array of chemicals, plastics, resins, and agricultural solutions. While BASF serves multiple industries, it most prominently serves the automotive, agricultural, construction, and pharmaceutical industries. BASF is a first mover in the energy transition and aims to rapidly expand its recycled and bio-based product portfolio.
Engagement Stream	Thematic Stewardship Program: Net Zero Transition
Engagement Since	Q1 2024
Engagement Status	Engaged
Issue	There is an absence of formal reduction targets for Scope 3 emissions beyond Category 3.1 (purchased goods and services). This represents the largest remaining disclosure gap compared to peers who have adopted full Science Based Targets initiative (SBTi) value-chain targets
Change Objective	• BASF is urged to ensure that its GHG reduction target is aligned with a deep decarbonization pathway and ensure its GHG reduction target comprehensively addresses all Scope 3 emissions.
Engagement Outcomes	The engagement is still ongoing with latest recommendations from Sustainalytics that revolve around the following:- • Confirming if a dedicated senior executive has been appointed with explicit responsibility for climate-related matters and business model transformation and disclosing the specific scope of that role. • Developing a strategy to address Scope 3 emissions beyond Category 3.1 (purchased goods and services), which currently represents the company's largest disclosure gap. • Providing information regarding any future plans toward obtaining Science Based Targets initiative (SBTi) validation for their value-chain targets. • Providing updates on the company's green finance framework and how it supports internal low-carbon projects. The engagement is active with frequent touchpoints including in-person meetings at BASF’s headquarters. BASF is treated as an industry leader that is playing a pivotal role in decarbonization, but one that remains being held to a very high standard of accountability.

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 2026 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 2026, 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.

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 other adjustments, evaluating the business rationale in relation to 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.

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

10 July 2026

TfL Pension Fund
Fund Account

For the year ended 31 March 2026

	Note	**2026 £ million**	**2026 £ million**	*2025 £ million*	*2025 £ million*
Contributions and benefits					
Contributions receivable	3				
Employer		**149.7**		*297.7*	
Employee		**101.3**		*92.6*	
Individual transfers in from other schemes		**3.4**		*3.7*	
		254.4		*394.0*	
Benefits payable	4	**(562.8)**		*(547.7)*	
Payments to and on account of leavers	5	**(0.9)**		*(1.0)*	
Other payments	6	**(8.5)**		*(6.0)*	
Administrative expenses	7	**(6.0)**		*(6.3)*	
Pension levies	8	**(0.5)**		*(9.4)*	
		(578.7)		*(570.4)*	
Net withdrawals from dealings with members			**(324.3)**		*(176.4)*
Returns on investments					
Investment income	9	**207.9**		*197.1*	
Change in market value of investments	11a	**1,570.2**		*161.3*	
Investment management expenses	12	**(30.1)**		*(31.8)*	
Net returns on investments			**1,748.0**	*326.6*	*326.6*
Net increase in the fund during year			**1,423.7**		*150.2*
Net assets at beginning of year			**15,162.8**		*15,012.6*
Net assets at end of year			**16,586.5**		*15,162.8*

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 2026

	Note		2026 £ million		2025 £ million
Investment assets	**11**				
Bonds		**944.0**		*885.2*	
Equities		**2,054.8**		*2,339.4*	
Loans		**326.3**		*321.6*	
Pooled investment vehicles	**11b**	**11,622.1**		*10,608.9*	
Derivatives	**11c**	**108.1**		*82.3*	
AVC investments		**200.9**		*165.5*	
Cash and liquidity funds		**1,338.9**		*706.9*	
Other investment balances		**156.6**		*143.2*	
			16,751.7		*15,253.0*
Investment liabilities	**11**				
Derivatives	**11c**	**(85.4)**		*(43.1)*	
Other investment balances		**(99.5)**		*(70.3)*	
			(184.9)		*(113.4)*
Total net investments			**16,566.8**		*15,139.6*
Current assets	**13**		**35.6**		*42.2*
Current liabilities	**14**		**(15.9)**		*(19.0)*
Net assets at end of year			**16,586.5**		*15,162.8*

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 10 July 2026 and were signed on their behalf by:

M Antoniou
Director
TfL Trustee Company Limited

PJ Murphy
Director
TfL Trustee Company Limited

TfL Pension Fund
Notes to the Accounts

1. Basis of preparation

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

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*
Transfers in and out are accounted for when the related member liability transfers between schemes.

(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.

(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) *Fixed assets and Depreciation*
Expenditure on fixed assets held for own use had previously been capitalised to reflect the economic usefulness of the assets to the Fund. Depreciation of fixed assets held for own use was provided on a straight-line basis over their estimated useful lives which was 5 years for computer equipment and furniture. This had resulted in fully depreciated fixed assets held for own use being carried in the accounts for several years. Given the fact that any remaining fixed assets held for own use are fully depreciated, highly immaterial and likely to be disposed of in the next year these balances have not been separately disclosed in the financial statements.

(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 2026 taking into account gains or losses on foreign currencies;

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

Notes to the Accounts (continued)

3. Contributions receivable

	2026 £ million	2025 £ million
Employers		
Normal	**149.7**	*297.7*
	149.7	*297.7*
Members		
Normal	**71.2**	*67.7*
Additional Voluntary Contributions	**30.1**	*24.9*
	101.3	*92.6*
	251.0	*390.3*

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 2026 following this annual assessment (2025: £Nil).

4. Benefits payable

	2026 £ million	2025 £ million
Pensions	**449.2**	*427.0*
Commutations and lump sum retirement benefits	**112.5**	*119.1*
Lump sum death benefits (net of those insured)	**0.4**	*1.2*
Taxation where lifetime or annual allowance exceeded	**0.7**	*0.4*
	562.8	*547.7*

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

	2026 £ million	2025 £ million
Individual transfers to other schemes	**0.6**	*0.8*
Refunds to members leaving service	**0.3**	*0.2*
	0.9	*1.0*

6. Other payments

	2026 £ million	2025 £ million
Premiums on term insurance policies	**8.5**	*6.0*

Notes to the Accounts (continued)

7. Administrative expenses

	2026 £ million	2026 £ million	*2025 £ million*	*2025 £ million*
Staff costs				
Payroll	**2.8**		*2.8*	
Triage service	**0.4**		*0.4*	
		3.2		*3.2*
Establishment costs				
Accommodation	**0.2**		*0.2*	
Computer costs	**0.6**		*0.5*	
		0.8		*0.7*
Professional fees				
Legal fees	**0.5**		*0.5*	
Audit & Accountancy fees	**0.1**		*0.1*	
Tax fees	**0.1**		*0.2*	
Actuarial fees	**0.6**		*0.9*	
Medical fees	**0.1**		*0.1*	
Covenant review	**0.1**		*0.1*	
		1.5		*1.9*
Communication				
Distribution	**0.2**		*0.2*	
Printing	**0.2**		*0.2*	
		0.4		*0.4*
Consumables				
General		**0.1**		*0.1*
		6.0		*6.3*

Administrative expenses include recharges by Transport for London of £3.1m (2025: £3.1m) for staff and other costs.

8. Pension levies

	2026 £ million	*2025 £ million*
Pension Protection Fund	**-**	*9.1*
Pension Regulator levies	**0.5**	*0.3*
	0.5	*9.4*

9. Investment income

	2026 £ million	*2025 £ million*
Income from bonds	**40.6**	*34.8*
Dividends from equities	**41.7**	*48.3*
Income from pooled investment vehicles	**68.9**	*49.5*
Income from loans	**18.0**	*11.4*
Income from derivatives	**0.9**	*1.8*
Income from liquidity funds	**37.4**	*50.9*
Income from securities lending	**0.4**	*0.4*
	207.9	*197.1*

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 2025	Purchases at cost & derivative payments	Sale proceeds & derivative receipts	Change in Market Value	Value at 31 March 2026
	£ million	**£ million**	**£ million**	**£ million**	**£ million**
Bonds	*885.2*	1,228.5	(1,166.5)	(3.2)	**944.0**
Equities	*2,339.4*	1,073.1	(1,549.1)	191.4	**2,054.8**
Loans	*321.6*	39.1	(25.8)	(8.6)	**326.3**
Pooled investment vehicles	*10,608.9*	2,164.3	(2,377.3)	1,226.2	**11,622.1**
Derivative contracts	*39.2*	20,119.8	(20,289.9)	153.6	**22.7**
Liquidity funds	*551.5*	2,915.9	(2,296.8)	(8.5)	**1,162.1**
AVC investments	*165.5*	30.1	(14.0)	19.3	**200.9**
	14,911.3	27,570.8	(27,719.4)	1,570.2	**16,332.9**
Cash deposits	*155.4*				**176.8**
Other investment assets	*143.2*				**156.6**
Other investment liabilities	*(70.3)*				**(99.5)**
Total net investments	*15,139.6*				**16,566.8**

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:

	2026	2025
	£ million	*£ million*
Absolute Return funds	**2,569.2**	*2,226.6*
Equity funds	**1,652.1**	*1,986.8*
Fixed Interest funds	**1,230.7**	*794.8*
Multi Private Credit funds	**112.2**	*83.6*
Private Equity funds and infrastructure funds	**3,366.2**	*3,198.4*
Property funds	**132.8**	*134.4*
Qualifying Investor fund (see below)	**2,183.7**	*1,842.5*
Reinsurance funds	**375.2**	*341.8*
	11,622.1	*10,608.9*

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:

	2026	2025
	£ million	*£ million*
Government Bonds	**2,039.8**	*1,696.5*
Network Rail Bonds	**143.4**	*139.2*
Swaps	**0.5**	*6.8*
	2,183.7	*1,842.5*

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:

	2026	*2025*
	£ million	*£ million*
Absolute return	**1,246.9**	*670.1*
Fixed income	**471.2**	*456.9*
Reinsurance	**375.2**	*341.8*
Private credit	**2.5**	*-*
	2,095.8	*1,468.8*

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

	2026		*2025*	
	Assets	**Liabilities**	*Assets*	*Liabilities*
	£ million	**£ million**	*£ million*	*£ million*
Swaps	**11.8**	**(5.5)**	*12.6*	*(5.6)*
Futures	**74.3**	**(13.7)**	*23.9*	*(10.2)*
Foreign exchange	**20.0**	**(64.3)**	*45.1*	*(26.5)*
Options	**2.0**	**(1.9)**	*0.7*	*(0.8)*
	108.1	**(85.4)**	*82.3*	*(43.1)*

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	280,586,189	Expires 1 to 5 years	**1.6**	**(1.8)**
	97,627,187	Expires 5 to 10 years	**2.8**	**(1.5)**
	54,388,165	Expires 10 to 15 years	**1.0**	**(1.5)**
	6,304,497	Expires 15 to 20 years	**-**	**(0.3)**
Credit default swaps	7,147,185	Expires under 1 year	**-**	**(0.1)**
	272,818,587	Expires 1 to 5 years	**4.8**	**-**
	74,794,092	Expires 5 to 10 years	**1.6**	**(0.3)**
Total 2026			**11.8**	**(5.5)**
Total 2025			*12.6*	*(5.6)*

At the end of the year the Fund held cash collateral of £33.8m (2025: £31.3m) in respect of swaps.

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	384,391,196	Expires under 1 year	**2.6**	**(0.2)**
	140,025,931	Expires 1 to 5 years	**-**	**(0.1)**
Commodities	374,329,733	Expires under 1 year	**68.8**	**(8.5)**
Equity	16,518,879	Expires under 1 year	**0.1**	**(0.3)**
Financial Services	17,554,959	Expires under 1 year	**0.1**	**-**
Swap	375,970,683	Expires under 1 year	**0.5**	**(0.7)**
	193,303,904	Expires 1 to 5 years	**0.2**	**-**
Treasury	253,823,817	Expires under 1 year	**2.0**	**(3.9)**
Total 2026			**74.3**	**(13.7)**
Total 2025			*23.9*	*(10.2)*

At the end of the year the Fund held cash collateral of £29.1m (2025: £37.3m) 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	**4.5**	**(34.3)**
Forward OTC	2 months	Various	**8.1**	**(3.2)**
Forward OTC	3 months	Various	**7.4**	**(10.5)**
Forward OTC	4 months	Various	**-**	**(5.4)**
Forward OTC	5 months	Various	**-**	**(8.9)**
Forward OTC	6 months	Various	**-**	**(2.0)**
Total 2026			**20.0**	**(64.3)**
Total 2025			*45.1*	*(26.5)*

c) Derivatives (continued)

Options

Type of Option	**Nominal amount**	**Duration**	**Asset value at year end £ million**	**Liability value at year end £ million**
Call OTC	104,096,813	Expires under 1 year	**1.9**	**-**
Put OTC	110,673,059	Expires under 1 year	**-**	**(1.8)**
Call OTC	8,246,257	Expires 1 to 5 years	**0.1**	**-**
Put OTC	19,880,715	Expires 10 to 15 years	**-**	**(0.1)**
Total 2025			**2.0**	**(1.9)**
Total 2025			*0.7*	*(0.8)*

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:

	2026 £ million	*2025 £ million*
Legal & General	**199.0**	*163.5*
Clerical Medical (legacy)	**1.5**	*1.6*
Standard Life (legacy)	**0.4**	*0.4*
	200.9	*165.5*

e) Transaction costs

Included within purchases and sales are direct transaction costs of £2.3m (2025: £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**
2026			
Equities	**1.3**	**1.0**	**2.3**
2025			
Equities	*1.3*	*0.9*	*2.2*

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 2026	**Level 1 £ million**	**Level 2 £ million**	**Level 3 £ million**	**Total £ million**
Bonds	2.0	942.0	-	**944.0**
Equities	1,647.5	-	407.3	**2,054.8**
Loans	-	-	326.3	**326.3**
Pooled investment vehicles	693.4	3,822.6	7,106.1	**11,622.1**
Derivatives	66.8	(44.3)	0.2	**22.7**
Liquidity funds	1,162.1	-	-	**1,162.1**
AVC investments	-	199.7	1.2	**200.9**
Cash	176.8	-	-	**176.8**
Other investment balances	57.1	-	-	**57.1**
	3,805.7	4,920.0	7,841.1	**16,566.8**

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*
	3,048.2	*4,837.1*	*7,254.3*	*15,139.6*

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 2026	**£ million**	**£ million**	**£ million**	**£ million**
Bonds*	3,162.9	39.3	9.8	**3,212.0**
Loans	-	-	326.3	**326.3**
OTC Derivatives	45.2	-	-	**45.2**
Cash	1,333.7	-	-	**1,333.7**
Other investment balances	27.8	0.7	-	**28.5**
Stock lending	396.8	-	-	**396.8**
Repos	57.9	-	-	**57.9**
Time deposits	5.9	-	-	**5.9**
PIVs	-	-	9,438.4	**9,438.4**
	5,030.2	40.0	9,774.5	**14,844.7**

* This includes bonds held in the Qualifying Investor Fund.

g) Investment risks (continued)

	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*
	3,942.8	*48.9*	*9,116.4*	*13,108.1*

* This includes bonds held in the Qualifying Investor Fund.

The Fund has indirect credit risk which arises in relation to underlying investments held in the bond pooled investment vehicles of £1,230.8m (2025: £794.7m).

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

	2026	*2025*
	£ million	*£ million*
Open ended investment fund	**3,152.1**	*3,429.1*
Qualifying Investor Fund	**2,183.7**	*1,842.5*
Closed ended investment companies	**1,929.7**	*1,211.3*
Shares of limited partnerships	**1,406.3**	*1,198.2*
Open ended investment companies	**1,185.3**	*1,176.0*
Unit trusts	**690.4**	*689.6*
Closed ended investment funds	**670.8**	*651.8*
Private Tactical Credit	**356.1**	*330.9*
Shares of limited companies	**29.8**	*60.9*
Shares of listed REIT	**17.9**	*17.2*
Other	**-**	*1.4*
	11,622.1	*10,608.9*

(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.

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				
				2026	*2025*
	Currency	**Interest rate**	**Other price**	**£ million**	*£ million*
Bonds	○	●	○	**944.0**	*885.2*
Equities	●	○	●	**2,054.8**	*2,339.4*
Loans	◐	●	○	**326.3**	*321.6*
Pooled investment vehicles				**11,622.1**	*10,608.9*
Direct	●	○	●		
Indirect	●	○	●		
Derivative contracts	●	◐	◐	**22.7**	*39.2*
Liquidity funds	●	○	○	**1,162.1**	*551.5*
AVC investments	●	◐	●	**200.9**	*165.5*
Cash deposits	●	●	○	**176.8**	*155.4*
Other investments	●	○	○	**57.1**	*72.9*
Total				**16,566.8**	*15,139.6*

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 2026 £396.8m of investments were loaned comprising £221.9m Overseas equities, £153.2m Overseas fixed interest securities, £18.7m UK equities and £3m UK fixed interest securities. Collateral of £420.4m was held as at 31 March 2026 in the form of cash of £63.7m and non-cash of £356.7m (2025: £308.8m loaned against £329.3m collateral).

Additionally, included in the securities lending programme are Repos of £57.9m (2025: £83m) and Time Deposits of £5.9m (2025: £1.5m).

i) Self investment

There were no employer-related investments at any time during the year ended 31 March 2026.

j) Commitments

At the 31 March 2026 the Fund had contractual commitments of £1,366.0m (2025 £1,519.2m) 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

	2026	*2025*
	£ million	*£ million*
Administration, management and custody	**29.1**	*30.7*
Performance measurement services	**0.3**	*0.3*
Other advisory services	**0.7**	*0.8*
	30.1	*31.8*

The total investment management expenses incurred during the year was £95.9m (2025: £79.2m) of which only £30.1m (2025: £31.8m) was remitted; the balance was deducted as part of the daily pricing of the individual asset portfolios.

13. Current assets

	2026 £ million	2025 £ million
Debtors		
Prepayments and accrued income	**25.4**	*26.4*
Cash balances	**10.2**	*15.8*
	35.6	*42.2*

Accrued income includes contributions of £14.2m (2025 £14.1m) received in accordance with the Schedule of Contributions after the year end.

14. Current liabilities

	2026 £ million	2025 £ million
Creditors		
Unpaid benefits	**13.7**	*13.2*
Accrued expenses and deferred income	**2.0**	*5.8*
	15.7	*19.0*
Unpresented items	**0.2**	*-*
	15.9	*19.0*

Unpresented items are payments submitted and cheques drawn but not presented for payment by 31 March 2026. Interest is not payable on these sums.

15. 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 made good progress in reconciling its GMP records with those held by HMRC and have rectified the majority of cases where rectification was required. A method of equalisation for the Fund has now been agreed in principle by the Trustee and the Company. The Trustee expects to progress the work required to equalise member benefits in 2026/27 and 2027/28.

The Trustee has carried out initial liability estimates in relation to GMP equalisation which indicates the overall Fund liabilities are not expected to 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.

16. Related party transactions

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 (2025: £3.1m) and are included in Note 7 on page 46. At 31 March 2026, £1.5m (2025: £1.6m) 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 2026

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 13 December 2024 effective from 15 December 2024, for the Composite Section certified by the Fund Actuary on 28 March 2025 effective from 1 April 2025. 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	149.7
Members	
Normal contributions	71.2
Contributions payable under the schedules (as reported on by the Fund auditor)	220.9

Reconciliation of contributions payable under the schedules of contributions to total contributions reported in the accounts

	£ million
Contributions payable under the schedules (as above)	220.9
Contributions payable in addition to those due under the schedules (and not reported on by the Fund auditor)	
Additional employer contributions	-
Member additional voluntary contributions	30.1
Total contributions reported in the accounts	251.0

This Report was approved by the Board of Directors of the TfL Trustee Company Limited on 10 July 2026 and was signed on their behalf by:

M Antoniou
Director
TfL Trustee Company Limited

PJ Murphy
Director
TfL Trustee Company Limited

TfL Pension Fund

Actuary's Certificates

Pages 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.

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

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

Date 28 March 2025

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

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

Date 13 December 2024

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 schedules 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 2026.

In our opinion the contributions for the Fund year ended 31 March 2026 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 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 March 2025.

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 schedules 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

10 July 2026

TfL Pension Fund

Participating Employers' Unit Holdings and Asset Values Statement

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

	Equity Fund			
	As at 31 March 2026		*As at 31 March 2025*	
	Units	**£ million**	*Units*	*£ million*
Participating Employer				
Public Sector Section	**567,295,541**	**3,254.7**	*784,994,700*	*3,932.1*
Composite section	**2,075,313**	**11.9**	*2,178,999*	*10.9*
	569,370,854	**3,266.6**	*787,173,699*	*3,943.0*

The Equity Fund unit price at the year end was £5.74 (2025 £5.01)

	Bond Fund			
	As at 31 March 2026		*As at 31 March 2025*	
	Units	**£ million**	*Units*	*£ million*
Participating Employer				
Public Sector Section	**643,605,001**	**2,381.3**	*527,766,086*	*1,905.9*
Composite section	**1,263,896**	**4.7**	*1,187,086*	*4.3*
	644,868,897	**2,386.0**	*528,953,172*	*1,910.2*

The Bond Fund unit price at the year end was £3.70 (2025 £3.61)

	Alternative and Liability Driven Assets Fund			
	As at 31 March 2026		*As at 31 March 2025*	
	Units	**£ million**	*Units*	*£ million*
Participating Employer				
Public Sector Section	**4,002,379,394**	**9,957.4**	*4,006,940,661*	*8,868.1*
	4,002,379,394	**9,957.4**	*4,006,940,661*	*8,868.1*

The Alternative Liability Driven Assets Fund unit price at the year end was £2.49 (2025 £2.21)

	31 March 2026	*31 March 2025*
	£ million	*£ million*
Equity Fund	**3,266.6**	*3,943.0*
Bond Fund	**2,386.0**	*1,910.2*
Alternative and Liability Driven Assets Fund	**9,957.4**	*8,868.1*
Other (non unitised assets allocated to Public Sector)	**976.5**	*441.5*
Total Net Assets at end of year	**16,586.5**	*15,162.8*

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