

Registered number: 10269445

**TUBE LINES PENSION SCHEME
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022**

TUBE LINES PENSION SCHEME

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TUBE LINES PENSION SCHEME

TRUSTEE AND ITS ADVISERS YEAR ENDED 31 MARCH 2022

| | |
|-----------------------------------|---|
| Trustee | Tube Lines Pension Scheme Trustees Limited |
| Company Appointed Director | T Handley |
| Member-Nominated Director | H Srikantharajah |
| Principal Employer | Tube Lines Limited |
| Participating Employers | London Underground Limited Transport for London |
| Secretary to the Trustee | J Head Aon Solutions UK Limited |
| Administrator | Aon Solutions UK Limited |
| Independent Auditor | RSM UK Audit LLP |
| Banker | HSBC Bank plc |
| Investment Adviser | T Lancaster Aon Solutions UK Limited |
| Investment Manager | Legal & General Investment Management Limited ('LGIM') |
| Death-in-Service Provider | Zurich Insurance plc to 31 May 2021 MetLife (Metropolitan Life Insurance Company) from 1 June 2021 |
| Legal Adviser | Sacker & Partners LLP |
| Contact Details | Tube Lines Pension Team Aon Solutions UK Limited PO Box 196 Huddersfield HD8 1EG tube.lines@aon.com 0370 240 0003 |

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Introduction

The Trustee of Tube Lines Pension Scheme (the 'Scheme') is pleased to present the annual report together with the audited financial statements for the year ended 31 March 2022.

Constitution and management

The Scheme is a Defined Benefit ('DC') scheme. The Scheme is governed by a Trust Deed, as amended from time to time, and is administered by Aon Solutions UK Limited in accordance with the establishing document and Rules solely for the benefit of its members and other beneficiaries.

The Trustee Directors are shown on page 1.

Under the Trust Deed and Rules of the Scheme, the Trustee is appointed and removed by the Principal Employer, subject to the Member-Nominated arrangements.

The power of appointing and removing the Trustee Directors is contained in the Articles of Association of Tube Lines Pension Scheme Trustees Limited, subject to the Member-Nominated arrangements.

In accordance with the Pensions Act 2004, at least one third of the total number of Trustee Directors must be nominated by Scheme members. The Member-Nominated Trustee Directors ('MNTDs') are elected from the membership.

A Trustee Director can choose to retire from office at any time. A Member-Nominated Trustee Director can only be removed with the agreement of all other Trustee Directors.

The Trustee Directors have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustee Directors have written agreements in place with each of them.

Trustee meetings

The Trustee Board met formally four times during the year to consider the business of the Scheme.

Scheme changes

There were no changes to the Scheme in the year.

Financial statements

The financial statements included in this annual report have been prepared and audited in accordance with the regulations made under Sections 41 (1) and (6) of the Pensions Act 1995.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Membership

Details of the membership changes of the Scheme in the year are as follows:

| | Actives | Deferreds | Total |
|----------------------------------|---------|-----------|-------|
| Members at the start of the year | 38 | 1,554 | 1,592 |
| Adjustments to members | (2) | - | (2) |
| Deaths | - | (7) | (7) |
| Trivial commutations | - | (9) | (9) |
| Transfers out | - | (28) | (28) |
| Leaver (PRS) | (1) | 1 | - |
| Members at the end of the year | 35 | 1,511 | 1,546 |

These membership figures do not include movements notified to the Administrator after the completion of the annual renewal.

The adjustments shown above are the result of retrospective updating of member records.

Transfers

Members leaving service can normally transfer the value of their benefits under the Scheme to another scheme that they join or to an insurance contract or personal pension.

The transfer value of the Scheme members' benefits includes no allowance for any discretionary benefits which might be awarded in the future.

Transfers into the Scheme are allowed.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Contributions

Contributions were paid in accordance with the Payment Schedule dated 30 March 2021.

Under the automatic enrolment regulations, with effect from 6 April 2019, the minimum contribution rate is 8% of qualifying earnings (including a minimum of 3% from the employer). As a qualifying scheme and in line with these requirements, the minimum employee contribution rate is 2% and associated minimum employer contribution rate is 7%.

During the year, the Principal Employer and Participating Employers paid contributions to the Scheme at varying rates, dependent on the level of contributions paid by individual members, as outlined in the table below:

| Employer (percentage of Pensionable Salary*) | Employee (percentage of Pensionable Salary*) |
|--|--|
| 7% | 2% |
| 7.5% | 2.5%** |
| 8% | 3% |
| 9% | 4% |
| 10% | 5% |

*Pensionable Salary is defined as base salary less the lower earnings limit, where base salary is basic salary along with any pensionable allowances, but excluding overtime.

**Active Scheme members will pay regular contributions at a default rate of 2.5% of Pensionable Salary (unless otherwise specified).

The employee contribution rates given above do not include members' Additional Voluntary Contributions.

The Principal Employer will pay additional amounts to cover the costs of meeting expenses incurred by the Trustee unless the Principal Employer directs that such costs and expenses can be paid either from the Reserve Fund and / or from members accounts.

COVID-19

COVID-19 caused disruption to the economic activity since the onset of the pandemic, which was reflected in fluctuations in global stock markets and, in turn, in the valuation of Scheme assets.

The Trustee has designed and implemented the Scheme's investment strategy taking a long term view and has built in resilience to withstand short term fluctuations. The Scheme's default funds follow a strategy of de-risking prior to retirement so that the impact on members close to retirement age is relatively modest. Since the rollout of vaccination programs the impact of Covid-19 has been significantly mitigated, however the Trustee will continue to monitor developments, and any potential future variants or outbreaks, and assess the potential impact on the Scheme.

Clearly a key concern for the Trustees, during the pandemic, has been around the robustness of the administrator's business continuity plans for continuing to work effectively. The Trustees are pleased to advise that they have received business continuity updates from Aon at each ASC meeting. In addition, the Trustees have been given access to Aon's COVID-19 Hub which contains additional information.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Ukraine/Russia Conflict

In February 2022, the Russian invasion of Ukraine resulted in significant volatility in global energy markets and disruptions to supply chains, which in turn have resulted in an increase in inflation expectations and caused fluctuations in global stock markets. The Trustee has designed and implemented the Scheme's investment strategy taking a long term view and has built in resilience to withstand short term fluctuations. The Trustee will continue to monitor the developments and the potential impact on the Scheme's investments of the conflict.

Post Balance Sheet Events

On the 23rd September 2022, the "mini-budget" established a marked shift in the UK Government's fiscal policy. This fuelled the already uncertain economic outlook of the UK resulting in very volatile market conditions. Specifically, gilt yields rose sharply resulting in the Bank of England intervening on the 28th September 2022 to restore market confidence. These factors may have a significant impact on the fund's held by the scheme, specifically those invested in bonds and cash markets, and values may be materially different from the values as at 31 March 2022.

Investment matters

Management and custody of investments

As required by Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles ('SIP'). A copy of the SIP can be found on the Scheme's website at <https://content.tfl.gov.uk/tube-lines-pension-scheme-statement-of-investment-principles-2020.pdf> and is shown on pages 35 to 42.

The Trustee has delegated management of investments to the investment manager shown on page 1. This manager, who is regulated by the Financial Conduct Authority in the United Kingdom, manages the investments in line with the investment manager agreements which is designed to ensure that the objectives and policies captured in the SIP are followed.

The Trustee has considered environmental, social and governance ('ESG') factors for investments (including but not limited to climate change) and has delegated to the investment manager the responsibility for taking these considerations into account when assessing the financial potential and suitability of an investment and for exercising the rights (including voting rights) relating to the Scheme's investments.

The investment manager is paid fees for its services. The fees are calculated as a percentage of the market value of the part of the Scheme that it manages.

The Trustee has not appointed a custodian to the Scheme as the investment manager appoints a custodian for the assets underlying the investments it manages for the Trustee. The Custodians appointed by the investment manager are shown below:

| Manager | Custodians |
|------------------------------|--|
| LGIM HSBC Invesco Ltd. | Citibank NA HSBC Global Asset Management (UK) Limited |

The Custodians are responsible for the safe keeping, monitoring and reconciliation of documentation relating to the ownership of listed investments. Investments are held in the name of the Custodians' nominee company, in line with common practice for pension scheme investments.

The Trustee has considered the nature, disposition, marketability, security and valuation of the Scheme's investments and believe them to be appropriate relative to the reasons for holding each class of investments.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Investment report

General

The policy for setting the investment strategy for the Tube Lines Pension Scheme ('the Scheme') lies with the Board of Directors ('the Board'). There is a degree of delegation of responsibility for investment decisions to ensure that decisions are taken by persons or organisations with appropriate resources, skills and knowledge to take them effectively. As such, the Board receives advice on investment matters from their professional advisors, Aon. The day-to-day management of the Scheme's asset portfolio, which includes full discretion for stock selection, is the responsibility of the fund managers. The Board expects the fund managers to:

- Where appropriate, engage with investee companies and issuers of debt with the aim to protect and enhance their value.
- Exercise the Board's voting rights in relation to the Scheme's assets.

The Trustee Directors regularly review the continuing suitability of the appointed managers and take advice from their investment adviser in this regard.

Investment options

During the year, members of the Scheme were ultimately invested across the following investment funds through the LGIM investment platform:

- LGIM World (ex UK) Equity Index Fund
- Alternatively Weighted Global Equity Fund
- LGIM World Emerging Market Equity Index Fund
- LGIM UK Equity Index Fund
- LGIM North America Equity Index Fund
- LGIM Europe (ex UK) Equity Index Fund
- LGIM Japan Equity Index Fund
- LGIM Asia Pacific (ex Japan) Developed Equity Index Fund
- LGIM Ethical Global Equity Index Fund
- HSBC Islamic Global Equity Index Fund
- Invesco Global Targeted Returns Pension Fund
- LGIM Investment Grade Corporate Bond All Stocks
- LGIM Over 5 years Index-Linked Gilt Index Fund
- LGIM Pre-Retirement Fund
- LGIM Cash Fund

Members may invest in three different lifestyle strategies. The 'Drawdown Lifestyle Strategy' is the default option and the 'Annuity Lifestyle Strategy' and 'Cash lifestyle Strategy' are self-select choices. The lifestyle strategies invest in the following funds:

- LGIM World (ex UK) Equity Index Fund
- Alternatively Weighted Global Equity Fund
- LGIM World Emerging Market Equity Index Fund
- LGIM UK Equity Index Fund
- Invesco Global Targeted Returns Pension Fund
- LGIM Investment Grade Corporate Bond All Stocks
- LGIM Over 5 years Index-Linked Gilt Index Fund
- LGIM Cash Fund

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Investment report (continued)

LGIM index tracking funds

The following funds employ an index tracking strategy, aiming to replicate the performance of their benchmarks. LGIM follow a pragmatic approach to managing index funds, either investing directly in the securities of that index, or indirectly through other LGIM funds. The funds may also hold index and single stock futures for efficient portfolio management.

LGIM World (ex UK) Equity Index Fund

The investment objective of the Fund is to track the performance of the FTSE World (ex UK) Index to within +/- 0.5% p.a. for two years out of three.

Alternatively Weighted Global Equity Fund

The investment objective of the fund is to track the performance of the SciBeta Developed Low-Carbon & ESG High-Factor-Intensity Multi-Beta Maximum Deconcentration Index.

LGIM UK Equity Index Fund

The investment objective of the Fund is to track the performance of the FTSE All-Share Index to within +/-0.25% p.a. for two years out of three.

LGIM World Emerging Markets Equity Index Fund

The investment objective of the fund is to track the performance of the FTSE Emerging Market Index to within +/-1.5% p.a. for two years out of three.

LGIM North America Equity Index Fund

The investment objective of the fund is to track the performance of the FTSE North America Index to within +/- 0.5% p.a. for two years out of three.

LGIM Europe (ex UK) Equity Index Fund

The investment objective of the fund is to track the performance of the FTSE Developed Europe ex UK Index to within +/-0.5% p.a. for two years out of three.

LGIM Japan Equity Index Fund

The investment objective of the fund is to track the performance of the FTSE Japan Index to within +/- 0.5% p.a. for two years out of three.

LGIM Asia Pacific (ex Japan) Developed Equity Index Fund

The investment objective of the fund is to track the performance of FTSE Developed Asia Pacific ex Japan Index to within +/-0.75% p.a. two years out of three.

LGIM Ethical Global Equity Index Fund

The investment objective of the fund is to track the performance of the FTSE 4Good Developed Index to within +/-0.5% p.a. for two years out of three.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Investment report (continued)

LGIM Investment Grade Corporate Bond All Stocks Index Fund

The investment objective of the fund is to track the performance of the Markit iBoxx £ Non-Gilts Index to within +/-0.5% p.a. for two years out of three.

LGIM Over 5 Year Index-Linked Gilts Index Fund

The investment objective of the Fund is to track the performance of the FTSE Actuaries UK Gilts Index-Linked (Over 5 Years) Index to within +/-0.25% p.a. for two years out of three.

Other funds

HSBC Islamic Global Equity Index Fund

The investment objective of the fund is to replicate the performance of the Dow Jones Islamic Market Titans 100 Net Total Return Index, a Shariah-compliant index, while minimising the tracking error between the fund's performance and that of the index. The fund is prohibited from investing in financial derivatives, or other non Shariah-compliant instruments.

The fund aims to create a long-term appreciation of capital through investment in a diversified portfolio of securities as defined by the benchmark index, which meets Islamic investment principles as interpreted and laid down by the Shariah Supervisory Committee.

Invesco Global Targeted Returns Fund

The Fund aims to achieve a positive total return in all market conditions over a rolling 3 year period. The fund targets a gross return of 5% p.a. above SONIA (Sterling Overnight Index Average) (the target benchmark) and aims to achieve this with less than half the volatility of global equities as measured by the MSCI World Index GBP Hedged Net Total Return (the constraining benchmark), over the same rolling 3 year period.

The fund uses a range of investment strategies and techniques to invest actively in a broad selection of asset classes across all economic sectors worldwide. The strategy makes significant use of derivatives for investment purposes and to manage the fund more efficiently, with the aim of reducing risk, reducing costs and or/generating additional capital or income.

LGIM Pre-Retirement Fund

The Fund aims to provide diversified exposure to assets that reflect the investments underlying a typical traditional level annuity product.

The Fund invests in LGIM's index-tracking bond funds to gain exposure to these assets. The Fund, however, cannot provide full protection against changes in annuity rates for individual members since these also depend upon a number of other factors (e.g. changes to mortality assumptions). The asset allocation is reviewed quarterly by LGIM's Matching Solutions team and the Fund will not take short-term, tactical asset allocation positions.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Investment report (continued)

Cash Fund

The Fund aims to perform in line with SONIA, without incurring excessive risk. Ordinarily this will involve placing deposits with banks and building societies, but it may extend to certificates of deposit, commercial paper or other securities from such issuers or UK Treasury Bills or other very short dated debt issued by the Government or other public sector bodies.

The fund offers stability and aims to provide capital preservation. However, in extreme circumstances, the value of the Fund's assets could fall if a deposit holder/the UK Government were unable to meet their obligations, if there were sudden, sharp movements in interest rates or in the event of a negative interest rate environment.

Default lifestyle strategy

The aim of the drawdown-targeting lifestyle strategy is to provide members with the opportunity to increase the value of their benefits with investment growth whilst managing risk in an appropriate and considered way with an end point portfolio commensurate with how members may take their benefits when they retire.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Investment report (continued)

Review of Investment Performance

The performance of the investment funds is detailed below (all returns are stated to 31 March 2022). Please note that many of the funds have been in place for less than three years and hence only one year performance is shown for them.

| Description | 1 Year Performance (p.a. %) | | | 3 Year Performance (p.a. %) | | | 5 Year Performance (p.a. %) | | |
|--|--------------------------------|-------|----------|--------------------------------|-------|----------|--------------------------------|-------|----------|
| | Fund | Index | Relative | Fund | Index | Relative | Fund | Index | Relative |
| LGIM World (ex UK) Equity Index Fund | 16.5 | 16.6 | -0.1 | 15.7 | 15.8 | -0.1 | 12.1 | 12.2 | -0.1 |
| Alternatively Weighted Global Equity Fund | 11.5 | 11.5 | 0.0 | - | - | - | - | - | - |
| LGIM World Emerging Market Equity Index Fund | -3.6 | -3.2 | -0.4 | - | - | - | - | - | - |
| LGIM UK Equity Index Fund | 13.2 | 13.1 | 0.1 | 5.6 | 5.5 | 0.1 | 4.9 | 4.8 | 0.1 |
| LGIM North America Equity Index Fund | 22.1 | 22.2 | -0.1 | - | - | - | - | - | - |
| LGIM Europe (ex UK) Equity Index Fund | 6.5 | 6.7 | -0.2 | - | - | - | - | - | - |
| LGIM Japan Equity Index Fund | -2.6 | -2.3 | -0.3 | - | - | - | - | - | - |
| LGIM Asia Pacific (ex Japan) Developed Equity Index Fund | 1.8 | 2.0 | -0.2 | - | - | - | - | - | - |
| LGIM Ethical Global Equity Index Fund | 18.8 | 18.8 | 0.0 | - | - | - | - | - | - |
| HSBC Islamic Global Equity Index Fund | 21.6 | 22.0 | -0.4 | - | - | - | - | - | - |
| Invesco Global Targeted Returns Pension Fund* | -4.2 | 5.2 | -9.4 | - | - | - | - | - | - |
| LGIM Investment Grade Corporate Bond All Stocks | -5.4 | -5.4 | 0.0 | - | - | - | - | - | - |
| LGIM Over 5 years Index-Linked Gilt Index Fund | 4.0 | 4.0 | 0.0 | 2.8 | 2.9 | -0.1 | 3.0 | 3.0 | 0.0 |
| LGIM Pre-Retirement Fund | -7.0 | -7.0 | 0.0 | 0.4 | 0.5 | -0.1 | 1.4 | 1.5 | -0.1 |
| LGIM Cash Fund | 0.1 | 0.1 | 0.0 | 0.2 | 0.2 | 0.0 | 0.3 | 0.3 | 0.0 |

Source: Legal & General Investment Management. Performance periods over a year are annualised. Fund returns based on daily mid-market prices before deduction of fees.

*The target benchmark: 5% p.a. above SONIA.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Investment report (continued)

Fund split

The split of investments across the funds, as at 31 March 2022, is detailed below:

| Fund | £ | % |
|--|--------------------|--------------|
| Alternatively Weighted Global Equity Fund | 49,751,053 | 49.4 |
| LGIM World (ex UK) Equity Index Fund | 26,420,168 | 26.2 |
| LGIM World Emerging Markets Equity Index Fund | 8,299,370 | 8.2 |
| LGIM Over 5 Year Index-Linked Gilts Index Fund | 4,189,052 | 4.2 |
| LGIM UK Equity Index Fund | 3,451,888 | 3.4 |
| Invesco Global Targeted Returns Fund | 3,536,080 | 3.5 |
| LGIM Investment Grade Corporate Bond All Stocks Index Fund | 3,027,078 | 3.0 |
| LGIM Pre-Retirement Fund | 987,293 | 1.0 |
| LGIM Cash Fund | 763,719 | 0.8 |
| LGIM North America Equity Index Fund | 205,633 | 0.2 |
| LGIM Japan Equity Index Fund | 45,727 | 0.1 |
| LGIM Europe (ex UK) Equity Index Fund | 17,316 | 0.0 |
| LGIM Asia Pacific (ex Japan) Developed Equity Index Fund | 24,628 | 0.0 |
| HSBC Islamic Global Equity Index Fund | 540 | 0.0 |
| LGIM Ethical Global Equity Index Fund | 482 | 0.0 |
| Total investments | 100,720,027 | 100.0 |

Note: Numbers may not sum due to rounding. Fund mid values shown.

Source: Legal & General Investment Management.

Market commentary

Global equities

Global equities generated positive returns over the last twelve months. Equities delivered solid returns in 2021, boosted by optimism over Covid-19 vaccine roll-outs, supportive monetary and fiscal policies, and improving economic data. However, markets reversed some of their gains in Q1 2022 as geopolitical risk took centre stage with Russia invading Ukraine. Furthermore, major central banks continued to move forward with normalising monetary policy as inflation rates worldwide rose rapidly.

Bond Market Commentary

Index-linked bonds

Index-linked gilts rose by 5.1% over the last twelve months. Index-linked gilts significantly outperformed nominal gilts due to increased breakevens driven by expectations of more persistent inflation.

Government bonds

Yields fell in Q2 2021 as variant virus risks and worries over a slower pace of global economic recovery arose. Nominal yields then picked up once more over the third quarter of 2021, driving the negative performance of UK fixed-interest government bonds. Yields rose on the back of brought-forward interest rate hike expectations against the background of rising inflation and central bank indications of policy rate increases. However, longer-dated yields briefly fell back in Q4 2021 due to heightened uncertainty surrounding Omicron. Short-dated yields later began to factor in potential monetary policy changes and saw notable increases.

In Q1 2022, yields rose strongly across maturities due to expectations of future rate hikes. Overall, according to FTSE All-Stocks indices, UK fixed-interest gilts fell by 5.1%.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Investment report (continued)

Bond Market Commentary (continued)

Investment grade credit

Credit markets declined over the past twelve months. UK investment-grade credit spreads (the difference between corporate and government bond yields), based on the iBoxx Sterling Non-Gilt Index, widened by 24bps to 130bps. UK Corporate Bonds fell by 5.2% over the last 12 months.

Engagement Policy Implementation Statement ('EPIS')

Introduction

On 6 June 2019, the Government published the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 ('the Regulations'). The Regulations require that the Trustee Directors ('the Directors') produce an annual statement called an Implementation Statement ("IS") which outlines the following:

- A description of any review and changes made to the Statement of Investment Principles ("SIP") over the Scheme year;
- Evidence on how the Directors have fulfilled the objectives and policies included in the SIP over the Scheme year;
- Describe the voting behaviour by or on behalf of the Directors (including the most significant votes cast) during the Scheme year and state any use of third-party provider of proxy voting services.

The IS has been prepared by the Directors covering the Scheme year from 1 April 2021 to 31 March 2022.

Executive summary

Supported by their investment adviser, the Directors are of the opinion that they have successfully adhered to all the policies outlined in the SIP during the Scheme year. They are also satisfied that the investment managers are exercising their voting rights and engaging with the investee companies where appropriate. The Directors will continue to monitor the investment managers' activities in these areas.

1. Review and changes made to the SIP over the year

The Trustees have a policy to review the SIP formally at least every three years, or after any significant change in investment policy or member demographics.

The Statement of Investment Principles ("SIP") was not reviewed during the year to 31 March 2022 and was last updated in September 2020.

The latest version of the SIP is available for members to view via the Scheme website here: <https://content.tfl.gov.uk/tube-lines-pension-scheme-statement-of-investment-principles-2020.pdf>.

2. Meeting the objectives and policies outlined in the SIP

The Directors outline in their SIP a number of key objectives and policies. These are noted below, together with an explanation of how these objectives have been met and policies adhered to over the course of the year to 31 March 2022:

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (Continued)

Reviewing the investment strategy

The Directors, with assistance from their investment advisers, formally reviewed the Scheme's investment strategy including the default arrangement during the year. This review was completed on 10 September 2021.

In conducting the review, the Trustees considered their objectives and the membership profile and, in light of these, analysed the degree to which the investment strategy is suitable. The Trustees also considered changes in the investment conditions, products and techniques available in the marketplace which may be appropriate for the Scheme.

On the basis of the review's findings, the Directors determined that it would be appropriate to replace the Invesco fund and the Emerging Market Equity fund used by the Scheme including within the default strategy. This change is expected to improve risk adjusted return and ultimately lead to improved member retirement outcomes.

The Directors are working with the investment adviser to implement this change and expects the process to be completed in the 2022/23 Plan year. The SIP will be reviewed and updated as part of this process.

Scheme Investment Objective: In investing the assets of the Scheme in a prudent manner, the Trustee Directors' key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. They have taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

The investments currently available to members have been in place since 2018. Based on advice provided by the investment adviser during the year, the Directors are comfortable that they have made available a comprehensive selection of investment options including three lifestyle strategies and a range of standalone self-select funds.

This range of investments was put in place following the Scheme's investment strategy review undertaken in 2018 during which the Directors commissioned analysis of the Scheme's membership in order to better understand members' circumstances, objectives and attitudes to risk. This was reaffirmed in the course of undertaking the 2021 strategy review.

Accordingly, the Directors are satisfied that this policy has been fully adhered to over the year.

Default Investment Objective: The Trustee Directors' objectives for the default strategy are as follows:

- Aim for significant long term real growth while members are further away from retirement.
- Manage down volatility in fund values as members near retirement.
- Target an end point portfolio that is appropriate and consistent with how members may take their benefits when they retire.
-

The default strategy used by the Scheme during the year invests in equities while members are further away from retirement. Equities are expected to deliver significant long term real growth.

As members near retirement, the default strategy invests in a diversified portfolio of assets and funds which, taken together, are expected to be less volatile than equities.

The end portfolio of the default strategy is highly diversified and is designed to be appropriate and consistent with how members may take their benefits when they retire.

Overall, the Directors are satisfied that the default strategy is appropriate given their objectives. This view is backed by their investment adviser.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

Other Investment Options Policy: It is the Trustee Directors' policy to provide suitable information for members so that they can make appropriate investment decisions. The range of other investment options was chosen by the Trustee Directors after taking advice from their investment adviser. In choosing the Scheme's investment options, it is the Trustee Directors' policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification.

An investment guide is available to members which provides details of all the investment options and information about how members can access suitable professional investment advice. Additionally, the member website provides access to the factsheets for each of the funds available in the self-select range and used within the lifestyle strategies.

The investment options available to members during the year were selected following advice the Directors obtained from their investment adviser. This advice included consideration of the full range of asset classes and manager styles that would be suitable for the Scheme and how appropriate diversification (including across managers) could be put in place.

Overall, the Directors are satisfied that their choices of investment options are aligned with their policies and that suitable information is provided to enable members to make appropriate investment decisions. This view is backed by their investment adviser.

Risk Measurement and Management Policy: The Trustee Directors recognise that members experience risk associated with the Scheme's investment options including the default strategy. The Trustee Directors take account of this in the selection and monitoring of the investment managers and the choice of funds offered to members.

The investment options available to members during the year were selected following advice the Directors obtained from their investment adviser. This advice included consideration of the risks members might experience and ways these could be appropriately managed and mitigated.

During the year, the Directors received quarterly monitoring reports which considered the performance of the investment managers and funds over time as well as the performance the default investment strategy as whole. The Directors also received reporting detailing the impact realised performance and the changing financial outlook would have on expected member retirement outcomes.

In the course of this monitoring, no material issues were identified during the year and the Directors are comfortable that the risks have been considered, managed and monitored appropriately given their objectives.

Governance Policy: The Trustee Directors of the Scheme have ultimate responsibility for the investment of the Scheme assets. The Trustee Directors take some decisions and delegate others. When deciding which decisions to take and which to delegate, the Trustee Directors have taken into account whether they have the appropriate training and expert advice in order to take an informed decision.

The Trustee Directors' policy is to review their investments and to obtain written advice about them at regular intervals. When deciding whether to make any new investments or terminate any investments, the Trustee Directors will obtain written advice from their investment adviser.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

Over the year, the Directors undertook relevant training and obtained professional support and advice from their advisers. For example, the Directors received training in relation to the review of the Scheme's investment strategy.

Aon has continued to support the Directors throughout the year and, in particular, provided training, advice and updates on the Scheme's investments and fund managers.

The training, support and advice the Directors have received has enabled them to make informed decisions over the course of the year.

During the year, the Directors continued to delegate, to the fund managers, responsibility for the day-to-day management of the investments including responsibility for ensuring the funds perform in line with their objectives. This is on the basis that the Directors consider the fund managers to be best placed to make day-to-day investment decisions and meet the fund objectives.

The Directors, with support from their investment adviser, have monitored the fund managers to ensure they are appropriately fulfilling the responsibilities delegated to them. This monitoring is supported by quarterly reporting that Aon has provided and which includes a review of the performance of the fund managers against their objectives and highlights any developments which may impact the ability of the fund managers to fulfil their objectives or responsibilities in future.

This monitoring has not identified any material issues that would lead to the Directors changing the Scheme's investments.

The Directors are satisfied that this policy has been fully adhered to over the year.

Responsible Investment Policies

Environmental, Social and Governance Considerations: The Trustee Directors consider financially material risks by taking advice from their investment adviser when setting the Scheme's investment strategy, when selecting managers and when monitoring their performance.

The Directors obtained professional investment support and advice from their investment adviser, Aon, when setting and reviewing the Scheme's investment strategy, selecting managers and in monitoring their performance. Consideration of financially material risks was an integral part of this support and advice.

Members' Views and Non-Financial Factors: The Trustee has made the Ethical and Shariah funds available to members who would like to invest in funds with these specific considerations. The funds that make up the default strategy and other investment options do not apply purely ethical or moral judgements as the basis for investment decisions.

The Directors considered member feedback when updating the default strategy and range of funds as part of the investment strategy review and it was member feedback that led to the implementation of the Ethical and Shariah funds which have been available to members throughout the year.

Stewardship – Voting and Engagement: The Trustee Directors regularly review the continuing suitability of the appointed managers and take advice from their investment adviser in this regard. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If a manager is found to be falling short of the standards that the Trustee Directors expect, they will engage with the manager and seek a more sustainable position.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

The Trustee Directors will review and report on the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions. The Trustee Directors will review the alignment of the investment managers' policies with their own and ensure the manager uses its influence as a major institutional investor to carry out the Trustee Directors' rights and duties as a responsible shareholder and asset owner. This will include voting, along with engaging with underlying investee companies and issuers of debt to promote good corporate governance and accountability.

The support Aon provided during the year included updating the Directors on manager developments and whether there was anything that impacted their continued suitability. This advice included consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. The Directors and Aon have also engaged with the fund managers to better understand their approach to stewardship and their exercise of voting rights.

Aon's manager research team discuss the engagement policies of fund managers as part of their fund rating review. Aon's views of managers are communicated within the quarterly reporting they provided to the Directors. Voting statistics and engagement information covering the year to 31 March 2022 are included later in this statement. This information has been reviewed by the Directors and Aon and will continue to be reported, through the IS, on an annual basis.

Having engaged with the asset managers and reviewed their activities and policies, the Directors are satisfied that the asset managers have fulfilled the standards the Directors expect and are promoting good corporate governance and accountability. The Directors are supported in this view by Aon.

Policies on Costs and Transparency: The Trustee Directors believe that net of all costs performance assessments provide an incentive for investment managers to manage costs efficiently. As such, the Trustee Directors believe it is important to understand the different costs and charges which are paid by members.

The Trustee Directors collect information on member borne costs and charges on an annual basis, where available, and sets these out in the Annual Chairman's Statement regarding DC Governance, which is made available to members in a publicly accessible location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee Directors expect its investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Annual Chairman's Statement exercise.

The quarterly reporting the Directors have received from Aon during the year includes a net of all cost performance assessment which informs the Directors views on the continued appropriateness of the investment / asset managers used by the Scheme.

The member-borne costs and charges of all the investments used by the Scheme were collected and presented in the Chair's Statement which is available on a publicly accessible website.

In the course of producing the Chair's Statement, Aon reviewed the costs and charges and highlighted where they seemed higher than expected. Where this was the case, Aon sought and obtained a suitable explanation from the asset manager.

Policies on Arrangements with Asset Managers: The Trustee Directors monitor those investments used by the Scheme to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee Director's policies as set out in the Statement of Investment Principles, including those on non-financial matters.

The Trustee Directors also monitor those investments available through the Scheme but not included in the default strategy.

The Trustee Directors are supported in this monitoring activity by its investment consultant.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

Before appointment of a new investment, the Trustee Directors review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee Directors' policies. Where possible, the Trustee Directors will seek to express its expectations to the asset managers to try to achieve greater alignment.

Where asset managers are considered to be making decisions that are not in line with the Trustee Director's policies, expectations, or the other considerations, the Trustee Director's will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years.

During the year, the Director's received analysis from Aon detailing how the investment strategy was performing and how it was expected to perform in future in terms of the retirement outcomes of members. The Directors have also obtained quarterly reporting from Aon which details the performance of the investments and managers used by the Scheme. This quarterly reporting covered investments in the default strategy, the other lifestyle strategies and the standalone self-select options.

This reporting, in conjunction with ongoing engagement with the asset managers and support from Aon, has enabled the Directors to consider the extent to which the investment strategy and decisions of the asset managers are aligned their policies.

No new managers were appointed during the year but the Directors have maintained ongoing engagement with the current asset managers and this dialogue includes expressing their expectations of the managers. This ongoing engagement, along with the monitoring undertaken during the year, mean the Directors are satisfied that the asset managers have been making decisions in line with the Directors' policies, expectations and other considerations. The Directors are supported in this view by Aon.

The asset managers were also formally reviewed during the year as part of the strategy review which was completed in September 2021. The review concluded that, the Scheme's investment strategy, including the default arrangement, continues to be appropriate given the Trustee Directors' objectives and understanding of the Scheme members' requirements. However, the Directors did conclude that it would be appropriate to replace the Invesco fund and the Emerging Market Equity fund with a view to improving risk adjusted returns.

Overall

Given the approach and actions undertaken during the year, the Directors are satisfied that their responsible investment policies have been fully adhered to.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

3. Voting and engagement activity undertaken over the year

Executive summary

The Scheme invests in pooled funds across a range of asset classes, and the Directors have delegated responsibility for the selection, retention and realisation of investments to the Scheme's fund managers in whose funds they invest.

As part of the production of this statement, the Directors – supported by their investment advisers, Aon – have reviewed the voting and engagement activities carried out on their behalf by the Scheme's fund managers. Where the stewardship of managers is found to be falling short of the standards set out by the Directors (exercising votes and engaging in order to create long-term financial value), they may take further action – for example by meeting with the manager in question or requesting that Aon engage on their behalf.

All of the Scheme's fund managers have provided commentary on their approach to voting, including the use of any proxy voting services provided (relevant for equity managers only) as well as their approach to engaging with underlying security issuers. The Directors acknowledge that the concept of stewardship may be less applicable with respect to its fixed income investments, particularly for short-term money market instruments and gilt investments. As such, these investments have not been covered in this statement.

All of the Scheme's fund managers have also provided examples of significant votes. There are a number of different criteria under which fund managers can determine whether a vote is significant. Each manager has their own criteria, with examples including:

- a vote where a significant proportion of the votes (e.g., more than 20%) went against the management's proposal;
- a vote where the investment manager voted against a management recommendation or against the recommendation of a third-party provider of proxy voting;
- a vote that is connected to a wider engagement initiative with the company involved;
- a vote that demonstrates clear and considered rationale;
- a vote that the client considers inappropriate or based on inappropriate rationale;
- a vote that has significant relevance to members of the Scheme.

The Directors definition of a significant vote is broadly consistent with the managers' definitions. As such, the examples given in the appendices below are also aligned with the Directors' definition of a significant vote.

Having reviewed the commentary provided by the investment managers, the Directors believe the stewardship carried out on their behalf over the Scheme year has been adequate, noting how the examples provided show the willingness and ability of the Scheme's investment managers to take proactive votes against management where appropriate.

The Directors recognise that they have a responsibility as an institutional investor to encourage and promote high standards of stewardship in relation to the assets that the Scheme invests in. Accordingly, the Directors continue to expect improvements over time in line with the increasing expectations on investment managers and its significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

A summary of the eligible votes cast by each of the Scheme's equity and multi-asset managers can be found in the Appendix of this statement.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

Voting and Engagement activity – Equity and multi-asset funds

Over the year, the material equity and multi-asset investments held by the Scheme were:

| Fund manager | Fund |
|--|---|
| Legal & General Investment Management (LGIM) | Developed Balanced Factor Equity Index Fund |
| | UK Equity Index Fund |
| | World (ex UK) Equity Index Fund |
| | World Emerging Market Equity Index Fund |
| | Europe (ex-UK) Equity Index Fund |
| | Japan Equity Index Fund |
| | Asia Pacific (ex-Japan) Developed Equity Index Fund |
| | Ethical Global Equity Index Fund |
| | North America Equities Index Fund |
| HSBC | Islamic Global Equity Index Fund |
| Invesco | Global Targeted Returns Pension Fund |

LGIM

Voting policy

LGIM uses proxy voting adviser Institutional Shareholder Services (ISS) to execute votes electronically and for research. This augments LGIM's own research and proprietary ESG assessment tools. LGIM does not outsource any part of the voting decisions to ISS. LGIM has a custom voting policy in place with ISS. This seeks to uphold what LGIM considers to be best practice standards companies should observe. LGIM can override any voting decisions based on the voting policy if appropriate. For example, if engagements with the company have provided additional information.

Voting example – Intel Corporation

In May 2021 LGIM voted for a shareholder resolution that asked Intel Corporation (an American multinational corporation and technology company) to report on its global median gender and racial pay gap. LGIM's vote was against the recommendation of the Intel Corporation management.

LGIM voted in this way to promote transparency: LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap.

LGIM views gender diversity as a financially material issue for its clients, with implications for the assets it manages on their behalf. For 10 years, it has been using its position to engage with companies on this issue.

As part of its efforts to influence its investee companies on having greater gender balance, LGIM expects all companies in which it invests globally to have at least one female on their board. LGIM also has stronger requirements in the UK, North American, European and Japanese markets, in line with its engagement in these markets.

Only 14.3% of shareholders supported this resolution, meaning it failed to pass. LGIM has stated that it will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

Engagement policy

LGIM has a six-step approach to its investment stewardship engagement activities, broadly these are:

1. Identify the most material ESG issues;
2. Formulate the engagement strategy;
3. Enhance the power of engagement;
4. Public policy and collaborative engagement;
5. Voting;
6. Reporting to stakeholders on activity.

LGIM monitors several ESG subjects and conducts engagement on various issues. Its top five engagement topics are climate change, remuneration, diversity, board composition and strategy. LGIM's engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all their clients.

More information can be found on LGIM's engagement policy: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/lgim-engagement-policy.pdf.

At the time of writing, LGIM was unable to provide engagement examples at a strategy level. The Director's investment adviser Aon has engaged at length with LGIM regarding its lack of fund level engagement reporting. LGIM has confirmed it is working towards producing this in the second half of 2022. The example provided below is at a firm level, i.e. it is not specific to the funds the Scheme is invested in.

Engagement example

LGIM has engaged with a number of water utility companies on the topic of anti-microbial resistance ("AMR"). LGIM states that the overuse of many antimicrobials in human activities are often linked to the uncontrolled release of antimicrobial agents which can last for prolonged period of time. Existing water sanitation and management systems have not been designed to address AMR concerns.

LGIM reached out to 20 water utility companies through an open letter to understand if these investee companies were aware of this issue, and if they had plans to introduce effective monitoring systems to detect agents such as antibiotic-resistant bacteria and genes. In addition, LGIM hosted meetings with some of the companies, which highlighted that awareness of AMR is low in most countries. LGIM believe this is due to the lack of regulatory requirements and/ or little perception of potential business risks to the individual company.

Following continued engagements, LGIM found several investee companies are now considering AMR. In particular one utility company is seeking to understand what happens to emerging contaminants in the wastewater treatment process and has implemented a programme that will analyse the results to try to understand what improvements in their systems would be required to address it. Through the engagement, LGIM stressed it is important to promote a more enhanced and standardised approach to AMR through influencing the regulatory landscape. It is working on this with its peers within the Investor Action on Antimicrobial Resistance initiative.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

HSBC - Islamic Global Equity Index Fund

Voting policy

HSBC utilises the services provided by proxy voting advisor ISS to assist with the global application of its own voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. HSBC then reviews voting policy recommendations for all active holdings, which enables it to ensure that ISS has applied the policy correctly and to determine whether there are company-specific reasons to depart from the policy.

HSBC state that it often provides feedback to ISS on its application of the policy - either to amend the recommendation for a particular meeting or for future meetings. A decision to depart from a policy recommendation will be made by the portfolio manager and/or a member of the Governance team. This could result from an investment insight into the company concerned that goes beyond the ISS analysis or from an engagement with the company which indicates that the governance concern is misplaced or will be addressed. Reasons for departures from policy are recorded and reviewed subsequently by a governance oversight group. HSBC policy is applied at three levels: market-specific criteria for developed Europe; global 'good practice' standards for other developed markets; more flexible application for emerging and frontier markets.

Voting example - Rio Tinto

HSBC states that a significant vote was cast in relation to Rio Tinto plc, the mining conglomerate. HSBC voted against the company's remuneration report as it was concerned that Rio Tinto's out-going CEO received £5.7 million from vesting of 2016 long-term incentive plan. Although the remuneration committee had reduced vesting by £1 million and withheld his bonus due to the destruction of Juukan Gorge historic site, HSBC noted the total pay exceeded previous year. It believed that the remuneration committee should have exercised further discretion in light of the severity of the incident. HSBC considers the destruction to be a major failing of the company's governance and the remuneration has not been accurately adjusted to reflect the matter.

The remuneration package was ultimately not passed. HSBC states it will continue to engage with Rio Tinto on the issue and stated the vote has sent a strong signal to the board of Rio Tinto.

Engagement policy

HSBC states that it meets with companies on a range of ESG issues and has a clear set of engagement objectives which may include:

- Improving understanding of a company's business and strategy;
- Monitoring performance;
- Signalling support or raising concerns about company management, performance or direction;
- Promoting good practice.

HSBC undertakes a risk assessment on an annual basis, helping to identify ESG practices of concern in different regions and where it has the most exposure on an absolute and relative basis. It prioritises themes, sectors or key stocks on the basis of scale of client holdings, salience of the issues concerned and our overall exposure. This process results in the development of an annual engagement plan.

HSBC has developed a process for each formal equity engagement based on setting defined company specific objectives, tracking progress made, measuring company action and recording engagement. It meets with companies on a range of issues. Its active equity and credit analysts engage with issuers as part of the investment process, both before and during the period of investment and also cover ESG issues.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

When analysing issuers, HSBC considers which specific ESG factors are generally material for the industry in which each company operates. It also uses proprietary sector-specific weighting for ESG factors to reflect the materiality of each set of issues to the sector. The factors included above are by no means exhaustive, and it can consider further unlisted ESG factors that may have meaningful impact on companies' future potential.

Engagement example – BHP

BHP is one of the world's largest producers of iron ore, mining a range of other minerals, including metallurgical and thermal coal, as well as maintaining oil & gas production. HSBC believed the company had been a leader in its sector in addressing the challenges of carbon transition but needed to make new commitments to meet rising investor expectations.

HSBC is the European lead investor with the company under Climate Action 100 and met the company more than a dozen times over 2021, providing feedback on various aspects of its climate strategy, as well as co-ordinating support investors and engaging with other listed members of the controversial Minerals Council of Australia lobby group.

In the past months, HSBC has been meeting representatives from the company, including the Chairman, to discuss the feasibility of achieving net zero for scope 3 emissions. The discussion is ongoing, regarding the use of metallurgical coal in steel production. New technologies are being investigated but a solution is not in sight at the moment. In addition to this, the company agreed to add a "say on climate" resolution at its next AGM, following HSBC's recommendation.

Invesco- Global Targeted Returns Fund

Voting Policy

Invesco has adopted and implemented a policy statement on Global Corporate Governance and Proxy Voting which it believes describes policies and procedures reasonably designed to ensure that proxies are voted in the best interests of its clients.

Invesco's proprietary proxy voting platform ("PROXYintel") facilitates implementation of voting decisions and rationales across global investment teams.

Invesco views proxy voting as an integral part of its investment management responsibilities. The proxy voting process focuses on protecting clients' rights and promoting governance structures and practices that reinforce the accountability of corporate management and boards of directors to shareholders. The voting decision lies with its portfolio managers and analysts with input and support from its Global ESG team and Proxy Operations functions. The final voting decisions may incorporate the unique circumstances affecting companies, regional best practices and any dialogue it has with company management.

Invesco's voting policy is publicly available on its website: <https://www.invesco.com/corporate/about-us/esg>.

Voting example – SBM Offshore NV

In March 2021, Invesco voted in favour of a resolution to authorise the Board to exclude pre-emptive rights from share issuances for the company SBM Offshore NV. A vote for this proposal was warranted because it is in line with commonly used safeguards regarding volume and duration of trades in shares executed. The vote passed, in line with Invesco's voting intention. And no immediate further action was taken as a result.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

Engagement policy

At the issuer level, Invesco primarily seek to address problematic areas or opportunities for improvement from an ESG perspective. When engaging with other stakeholders, such as regulators or industry bodies, the goal is more towards creating an environment that would allow for optimal ESG outcomes in an efficient and fair manner, such as alignment with existing frameworks and reduced reporting burden.

While Invesco's engagement activity is based on the premise of a company's continual improvement, it is setting up an engagement reporting template that tracks engagement outcomes on a yearly basis based on clearly defined ESG objectives and goals. Invesco is also developing an escalation engagement framework to guide stewardship processes and achievements, for example, in 2022 it will be developing a Net-Zero engagement framework that will guide its climate related engagements.

Engagement example (firm level)

In 2021, Invesco engaged with Amazon Inc. by scheduling a meeting on the topic of ESG. Topics included:

- Disclosures around packaging: Invesco specifically expressed its desire for Amazon to report on packaging and set reduction targets at the corporate level. While Amazon would not specifically commit to this, it does plan to replace all plastic mailer envelopes with padded paper mailers by the end of 2022;
- The development and use of technologies such as "Recognition" and the app "Wickr" by Amazon Web Services (AWS); and
- The shareholder proposal on conducting a Racial Equity Audit (analysis of whether the way Amazon conducts business fuels racism and discrimination for its hourly workers), which gained significant votes (44% of votes in favour) at the 2021 AGM.

Overall, Invesco considered that Amazon did not take the feedback constructively. As such, Invesco are planning to follow up in the 2022 proxy season (pre-AGM) to discuss environmental and social proposals, such as those on packaging, Artificial Intelligence technology and racial equity.

Engagement activity – Fixed income funds

Over the year, the material Fixed income investments held by the scheme were LGIM's Pre-Retirement Fund and the LGIM Investment Grade Corporate Bond All Stocks Index Fund.

The Directors recognise that stewardship may be less applicable or have a less tangible financial benefit for fixed income mandates compared to equity mandates, particularly gilts (fixed income securities issued by the UK government). Nonetheless, the Directors still expect its non-equity managers to engage with external parties if they identify concerns that may be financially material.

Fixed income managers still have significant capacity for engagement with issuers of corporate debt. Debt financing is continuous, and so it is in debt issuers' interests to make sure that investors are satisfied with the issuer's strategic direction and policies. Whilst upside potential may be limited in comparison to equities, the downside risk mitigation and credit quality are critical parts of investment decision-making.

LGIM's approach to engagement has been noted earlier in this document.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Engagement Policy Implementation Statement ('EPIS') (continued)

Summary

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

The Directors will continue monitoring the funds and managers the Scheme uses and will seek professional support and advice from its investment adviser as appropriate.

Appendix – Voting statistics

The table below sets out the voting statistics for the funds used by the Scheme over the year to 31 March 2022.

| Fund manager | Fund | Number of resolutions eligible to vote on over the period | % of resolutions voted on for which the fund was eligible | Of the resolutions on which the fund voted, % that were voted against management | Of the resolutions on which the fund voted, % that were abstained from |
|----------------|---|---|---|--|--|
| LGIM | UK Equity Index Fund | 10,813 | 100.0% | 6.9% | 0.0% |
| | Developed Balanced Factor Equity Index Fund | 11,660 | 99.8% | 19.1% | 0.2% |
| | World (ex UK) Equity Index Fund | 34,024 | 99.8% | 20.1% | 0.9% |
| | World Emerging Markets Equity Index Fund | 34,327 | 99.8% | 16.7% | 2.2% |
| | Europe (ex-UK) Equity Index Fund | 9,447 | 99.8% | 17.1% | 0.7% |
| | Japan Equity Index Fund | 6,109 | 100.0% | 13.3% | 0.0% |
| | Asia Pacific (ex-Japan) Developed Equity Index Fund | 3,457 | 100.0% | 26.4% | 0.2% |
| | Ethical Global Equity Index Fund | 15,785 | 99.9% | 16.5% | 0.3% |
| | North America Equities Index Fund | 8,181 | 99.7% | 29.5% | 0.1% |
| HSBC | Islamic Global Equity Fund | 1,642 | 94.5% | 11.5% | 0.2% |
| Invesco | Global Targeted Returns Pension Fund | 4,942 | 98.1% | 7.9% | 0.3% |

Source: LGIM, HSBC and Invesco. May not sum due to rounding.

TUBE LINES PENSION SCHEME

TRUSTEE'S REPORT YEAR ENDED 31 MARCH 2022

Statement of Trustee's Responsibilities

The financial statements, 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 financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements 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 financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme 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 them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for securing that a Payment Schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employer in accordance with the Payment Schedule. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

The trustee is responsible for the maintenance and integrity of the pension and financial information includes on the Tube Lines Pension Scheme website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval

The Trustee's Report was approved by the Trustee and signed on its behalf by:

Trustee Director:

Date: 31/10/2022

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

The Occupational Pension Scheme (Scheme Administration) Regulations 2018 ("the Administration Regulations") require trustees to prepare an annual statement regarding governance and charges of their Trust-based Defined Contribution (DC) and Additional Voluntary Contribution (AVC) schemes, which should be included in the Trustee's Annual Report and Accounts.

This is the statement issued by the Scheme which covers the period from 1 April 2021 to 31 March 2022. It is signed on behalf of the Trustee by the Chair.

This statement covers governance and charge disclosures in relation to the following:

1. The Default Arrangement;
2. Net investment returns;
3. Processing of core financial transactions;
4. Member borne charges and transaction costs;
5. Value for Members; and
6. Trustee knowledge and understanding.

1. The Default Arrangement

The Scheme is not used as a Qualifying Scheme for auto-enrolment purposes.

The Trustee is responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme's default arrangement. A lifestyle strategy is provided as the default arrangement for members who join the Scheme and who do not choose an investment option for their contributions. Members can also choose to invest in the default arrangement.

Details of the objectives and the Trustees' policies regarding the default arrangements can be found in a document called the 'Statement of Investment Principles' (SIP). The Scheme's SIP is included on page 35 to 42.

The Trustee, with assistance from its investment advisers, undertook a review of the Scheme's investments during the period, including formally reviewing the default arrangement. The review concluded on 10 September 2021 and after considering the membership profile, it was agreed to undertake some changes to the Scheme's investment strategy as a result. In particular:

- Given developments since the previous strategy review, the decision was taken to replace the Invesco GTR Fund with a bespoke Multi-Asset fund; and
- Given the high level of concentration to Chinese stocks and the Environmental, Social and Governance (ESG) risks associated with emerging markets the decision was taken to replace the existing Emerging Markets Fund with an alternative Emerging Markets Fund which addresses these concerns.

These changes will be implemented during the 2022/2023 scheme year, following the end of the reporting period covered by this statement.

The aim of the default arrangement (and the other lifestyle arrangements) is to strike a reasonable balance between maximising the opportunity for growth and managing risks, particularly as a member approaches retirement. This is achieved by automatically moving members' funds from return-seeking assets, which aim for long-term growth in excess of inflation, to a more broad-based and lower risk asset mix as a member approaches their target retirement date.

Each lifestyle option makes use of highly diversified global equities while members are further away from retirement. From nine years before a member's target retirement date, the strategies begin investing in a mixture of assets which are designed to reduce volatility in members' fund values. Over the final five years before retirement, the strategies invest in a way that is commensurate with their respective targets (i.e. cash lump sum, drawdown and annuity).

The investment strategy will be reviewed again by 9 September 2024.

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

1. The Default Arrangement (continued)

The Trustee reviews the performance of the default strategy and other investment options on a quarterly basis to ensure the funds and strategy are delivering as expected in terms of the aims and objectives for the Scheme.

2. Net investment returns

The Trustee is required to report on net investment returns for each default arrangement and for each non-default fund which scheme members were invested in during the scheme year. Net investment return refers to the returns on funds minus all member-borne transaction costs and charges.

The net investment returns have been prepared having regard to statutory guidance.

It is important to note that past performance is not a guarantee of future performance.

Fund performance covering a five year period has not been reported for all funds as some funds have not yet been available to members for a five year period.

(i) Default arrangement – Drawdown Lifestyle Strategy

| Performance to 31 March 2022 | Annualised returns (%) |
|------------------------------|------------------------|
| Age of member in 2022 | 1 year |
| 25 | 11.3 |
| 45 | 11.3 |
| 55 | 11.3 |

Source: Legal & General Investment Management

(ii) Alternative Lifestyle Strategies

Annuity Lifestyle Strategy

| Performance to 31 March 2022 | Annualised returns (%) |
|------------------------------|------------------------|
| Age of member in 2022 | 1 year |
| 25 | 11.3 |
| 45 | 11.3 |
| 55 | 11.3 |

Source: Legal & General Investment Management

Cash Lifestyle Strategy

| Performance to 31 March 2022 | Annualised returns (%) |
|------------------------------|------------------------|
| Age of member in 2022 | 1 year |
| 25 | 11.3 |
| 45 | 11.3 |
| 55 | 11.3 |

Source: Legal & General Investment Management

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

2. Net investment returns (continued)

(iii) Self-select investment funds

| Performance to 31 March 2022 | Annualised returns (%) | |
|--|------------------------|---------|
| | 1 year | 5 years |
| Fund name | | |
| LGIM World Emerging Market Equity Index Fund | (3.9) | - |
| LGIM North America Equity Index Fund | 21.9 | - |
| LGIM Japan Equity Index Fund | (2.7) | - |
| LGIM Asia Pacific (ex-Japan) Developed Equity Index Fund | 1.6 | - |
| LGIM Ethical Global Equity Index Fund | 18.5 | - |
| LGIM Investment Grade Corporate Bond – All Stocks – Index Fund | (5.5) | - |
| HSBC Islamic Global Equity Index Fund | 21.3 | - |
| Invesco Global Targeted Returns Pension Fund | (4.9) | - |
| Alternatively Weighted Global Equity Fund | 11.4 | - |
| LGIM UK Equity Index Fund | 13.1 | 4.8 |
| LGIM World (ex UK) Equity Index Fund | 16.4 | 12.0 |
| LGIM Over 5 Years Index-Linked Gilt Index Fund | 3.9 | 2.9 |
| LGIM Pre-Retirement Fund | (7.0) | 1.3 |
| LGIM Cash Fund | 0.0 | 0.2 |

Source: Legal & General Investment Management

3. Processing of Core Financial Transactions

The Trustee has a specific duty to ensure that core financial transactions are processed promptly and accurately. These transactions include, but are not limited to:

- Investment of contributions to the Scheme;
- Transfer of member assets into and out of the Scheme;
- Transfers between different investments within the Scheme; and
- Payments to and in respect of members.

The bulk of the core financial transactions are undertaken on behalf of the Trustee by the Scheme administrator, Aon, and the Company is responsible for ensuring that contributions are paid to the Scheme promptly. The timing of such payments is monitored by the Trustee from quarterly administration reports submitted by Aon.

The Trustee has reviewed the processes and controls used by Aon and considers them to be suitable and likely to meet the required levels. The processes include daily monitoring of the Trustee bank account, a dedicated contribution processing team, and two individuals who are in place to check all investment and banking transactions. An independent audit of the administration team's activities is undertaken on an annual basis and the controls around administration and the processing of transactions are documented in the Scheme's risk register.

In order to determine how well the administration is performing the Trustees have service level agreements ("SLA") in place with Aon. These SLAs detail a number of key administration processes to be performed and the target timescale within which each of these processes needs to be completed. There are SLAs in place for all core financial transactions. Under the current SLA, Aon aims to accurately complete all financial transactions within 5 working days, with the exception of the investment of contributions, which is within 3 working days of receipt, and transfers out and retirement settlements which are within 10 working days.

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

3. Processing of Core Financial Transactions (continued)

Aon reports quarterly through its governance report which includes details of the performance of the administration team against the agreed service levels for all transaction types. This reporting assists the Trustee in its monitoring of the processing of core financial transactions and is considered at each Trustee meeting.

An average of 93% of activities were completed within 5 working days during the year, against a target of 95%. Any issues arising during the year are reported to the Trustee. The Trustee had no concerns in this respect.

The trustees note that during the period several instances of the investment of contributions not being performed in line with the time periods specified in the SLA. The trustee are working with the administrator to ensure that no members were in detriment due to these delays..

In the light of the above, the Trustee considers that the requirements for processing core financial transactions have been met, other than noted above.

4. Member Borne Charges and Transaction costs

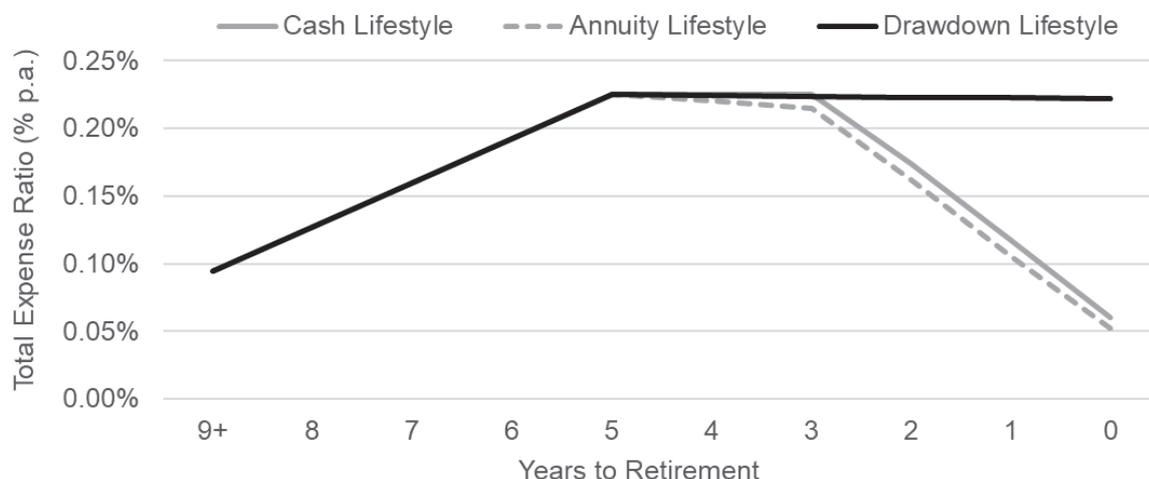
The Trustee assesses the costs associated with the Scheme which are paid by the members. These costs are made up of charges and transaction costs:

Charges such as the Annual Management Charge (AMC) – the annual fee charged by the investment manager for investing in a fund, as well as additional expenses which, together, comprise the Total Expense Ratio (TER) which is the total cost of investing in the fund.

Transaction costs are costs which are incurred within the day-to-day management of the assets by the fund manager. This covers such things as the cost of buying and selling securities within the funds.

The default arrangement – the Drawdown Lifestyle Strategy – has levied a TER of less than 0.75% p.a. of assets under management for all members during the period 1 April 2021 to 31 March 2022 (0.75% is the cap on charges for the default arrangement established under relevant pension scheme legislation).

The Drawdown Lifestyle Strategy has a TER payable of between 0.09% p.a. and 0.23% p.a. depending on a member's term to their selected retirement date. The Annuity Lifestyle Strategy and the Cash Lifestyle Strategy have TERs of between 0.05% p.a. and 0.23% p.a. and 0.06% p.a. and 0.23% p.a. respectively. The TER for each lifestyle strategy and at each year to a member's target retirement date are shown in the chart below.



TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

4. Member Borne Charges and Transaction costs (Continued)

The table below sets out the relevant charges for each of the standalone funds used by the Scheme. Again, where transaction costs have been provided as a negative cost (i.e. profit), these have been set to zero by the Trustee to avoid potentially understating the level of costs and charges:

| Fund | Total Expense Ratio (% p.a.) | Transaction Costs (% p.a.) | Total costs (% p.a.) |
|--|------------------------------|----------------------------|----------------------|
| LGIM World (ex UK) Equity Index Fund * | 0.08 | 0.00 | 0.08 |
| Alternatively Weighted Global Equity Fund * | 0.06 | 0.09 | 0.15 |
| LGIM World Emerging Market Equity Index Fund * | 0.35 | 0.03 | 0.38 |
| LGIM UK Equity Index Fund * | 0.05 | 0.02 | 0.07 |
| LGIM North America Equity Index Fund | 0.14 | 0.00 | 0.14 |
| LGIM Europe (ex-UK) Equity Index Fund | 0.18 | 0.00 | 0.18 |
| LGIM Japan Equity Index Fund | 0.16 | 0.00 | 0.16 |
| LGIM Asia Pacific (ex-Japan) Developed Equity Index Fund | 0.20 | 0.00 | 0.20 |
| LGIM Ethical Global Equity Index Fund | 0.30 | 0.00 | 0.30 |
| HSBC Islamic Global Equity Index Fund | 0.35 | 0.13 | 0.48 |
| Invesco Global Targeted Returns Pension Fund * | 0.75 | 0.47 | 1.22 |
| LGIM Investment Grade Corporate Bond – All Stocks – Index Fund * | 0.12 | 0.00 | 0.12 |
| LGIM Over 5 Years Index-Linked Gilt Index Fund * | 0.05 | 0.02 | 0.07 |
| LGIM Pre-Retirement Fund | 0.05 | 0.00 | 0.05 |
| LGIM Cash Fund ** | 0.06 | 0.02 | 0.08 |

* Used in all the lifestyle strategies

** Used in the cash and annuity lifestyle strategies

Illustration of the effect of costs and charges

The Trustee is required to illustrate the effect on fund values of the costs and charges typically paid by a member. The Trustee has produced the following illustrations, with the fund values shown net of the TER and transaction costs to show the impact of total costs and charges.

The illustrations have been prepared having regard to statutory guidance, selecting suitable representative members and are based on a number of assumptions about the future which are set out under 'notes and assumptions' below.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future and fund values are not guaranteed. Furthermore, because the illustrations are based on typical members of the Scheme, they are not a substitute for the individual and personalised illustrations which are provided to members in their annual benefit statements.

Each illustration is shown for a different type of member invested in the Drawdown Lifestyle Strategy, which is the default investment arrangement. Illustrations are shown as a table as follows:

- Each Chart shows a projection of the member's retirement savings at retirement age, with and without costs and charges applied; and
- As the projected retirement savings are dependent on investment returns as well as the level of costs and charges, we have also included some comparison figures with other investments in the Tables. For comparison purposes, we also show the projected retirement savings if the typical member were invested in the fund within the range offered by the Scheme which attracts the lowest charges – LGIM Pre-Retirement Fund, and the fund which attracts the highest charges – Invesco Global Targeted Returns Pension Fund.

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

Illustration of the effect of costs and charges (continued)

All projected fund values are shown in today's terms, and do not need to be reduced further for the effect of future expected inflation.

Illustration A: is based on an active member who has 40 years to go until their retirement at age 65. The member has a current salary of £40,000 p.a., fund value of £20,000 and future contributions of 10% of salary.

| Projected Pension Account in today's money | | | | | | | | | |
|---|--|---------------|-------------------|---|---------------|-------------------|--|---------------|-------------------|
| Age | LGIM Over 5 Years Index-Linked Gilt Index Fund | | | Drawdown Lifestyle Strategy (default arrangement) | | | Invesco Global Targeted Returns Pension Fund | | |
| | Before charges | After charges | Effect of charges | Before charges | After charges | Effect of charges | Before charges | After charges | Effect of charges |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 25 | 20,000 | 20,000 | 0 | 20,000 | 20,000 | 0 | 20,000 | 20,000 | 0 |
| 30 | 37,350 | 37,200 | 150 | 45,990 | 45,760 | 230 | 42,770 | 40,910 | 1,860 |
| 35 | 53,300 | 52,940 | 360 | 77,460 | 76,770 | 690 | 67,850 | 62,630 | 5,220 |
| 40 | 67,980 | 67,340 | 640 | 115,570 | 114,070 | 1,500 | 95,470 | 85,190 | 10,280 |
| 45 | 81,470 | 80,520 | 950 | 161,730 | 158,950 | 2,780 | 125,900 | 108,630 | 17,270 |
| 50 | 93,890 | 92,580 | 1,310 | 217,610 | 212,960 | 4,650 | 159,410 | 132,970 | 26,440 |
| 55 | 105,310 | 103,610 | 1,700 | 285,290 | 277,950 | 7,340 | 196,320 | 158,260 | 38,060 |
| 60 | 115,810 | 113,700 | 2,110 | 359,280 | 347,380 | 11,900 | 236,970 | 184,530 | 52,440 |
| 65 | 125,470 | 122,940 | 2,530 | 418,780 | 399,120 | 19,660 | 281,750 | 211,810 | 69,940 |

Illustration B: is based on a deferred member (someone who is no longer contributing to the Scheme) who has 20 years to go until their retirement at age 65. The member has a current fund value of £50,000.

| Projected Pension Account in today's money | | | | | | | | | |
|---|--|---------------|-------------------|---|---------------|-------------------|--|---------------|-------------------|
| Age | LGIM Over 5 Years Index-Linked Gilt Index Fund | | | Drawdown Lifestyle Strategy (default arrangement) | | | Invesco Global Targeted Returns Pension Fund | | |
| | Before charges | After charges | Effect of charges | Before charges | After charges | Effect of charges | Before charges | After charges | Effect of charges |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 45 | 50,000 | 50,000 | 0 | 50,000 | 50,000 | 0 | 50,000 | 50,000 | 0 |
| 50 | 45,990 | 45,750 | 240 | 60,550 | 60,160 | 390 | 55,070 | 51,940 | 3,130 |
| 55 | 42,300 | 41,860 | 440 | 73,320 | 72,390 | 930 | 60,660 | 53,950 | 6,710 |
| 60 | 38,910 | 38,300 | 610 | 86,840 | 84,940 | 1,900 | 66,810 | 56,040 | 10,770 |
| 65 | 35,790 | 35,040 | 750 | 96,210 | 92,560 | 3,650 | 73,590 | 58,210 | 15,380 |

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

Illustration of the effect of costs and charges (continued)

Notes and assumptions made for the purposes of the above illustrations:

- All projected fund values are shown in today's terms and do not need to be reduced further for the effect of future expected inflation.
- The assumed growth rates (gross of costs and charges) are as follows:
 - Equities 6.5% p.a. (used within the projection of the default lifestyle strategy)
 - Diversified Growth Fund 4.5% p.a. (used within the projection of the default lifestyle strategy and for the Invesco Global Targeted Returns Pension Fund)
 - Index Linked Gilts 0.8% p.a. (used within the projection of the default lifestyle strategy and for the LGIM Over 5 years Index-Linked Gilt Index Fund)
 - Corporate Bonds 2.5% p.a. (used within the projection of the default lifestyle strategy)
- Annual Salary Growth and Inflation of 2.5% p.a.
- Retirement at the normal retirement age of 65.
- For the active member, total contributions of 10% p.a. of pensionable pay payable to the normal retirement age.
- The lifestyle strategy is rebalanced annually.

5. Value for Members

In addition to the requirement to assess the charges paid by members, the Trustee is also required to consider the extent to which those charges and costs represent good value for money for members ("Value for Members"). The Regulations do not prescribe how trustees are to go about assessing Value for Members; it is left to the respective trustee body to develop their own assessment framework.

The Trustee, in consultation with its advisers, has established an assessment framework in order to determine whether the charges and transaction costs paid by members represent Value for Members. The Trustee has identified the following areas where they believe there is a benefit derived by members; these benefits can be financial or non-financial in nature:

- Costs
- Member communications and engagement
- Investments
- Retirement support
- Sound administration
- The time spent by the Trustee in making sure that the Scheme is run in the interests of its members overall (referred to as 'governance').

The assessment takes into account available research on the costs and features of other DC schemes for comparison purposes in respect of the six core benefit categories identified above.

▪ Costs

Based on the profile of the Scheme arrangements, we believe that the explicit charges are competitive when compared to current market rates on a like-for-like basis.

▪ Member communications and engagement

The Scheme provides effective communications that are relevant, clear, easy to understand and engaging. The communications help members better understand their DC savings and take appropriate actions.

Use is made of a variety of communication media.

There are also online tools and access to information via the Scheme's member website.

▪ Investments

The Scheme offers a variety of lifestyle and standalone investment options covering a range of member risk profiles and asset classes. The investment choices available have been designed, following advice from the Trustee's investment adviser, with the specific needs of members in mind. Investments are regularly reviewed and performance is regularly monitored.

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

5. Value for Members (Continued)

- Retirement support

The Scheme provides members with an at-retirement service, enabling members to explore their retirement options and includes modelling tools.

- Sound administration

The Trustee has appointed Aon to provide administration services to the Scheme and is satisfied that Aon has sufficient checks in place to monitor and report on the standard of the administration service and to ensure that, if administrative errors do occur, members are not disadvantaged as a result.

- Governance

The Trustee believes that good governance is key to ensuring that a framework exists and is actively in use to help deliver better member outcomes. The Trustee considers the governance arrangements in place to be robust, with the right structures in place to support effective management of risks. The Trustee regularly reviews and updates its governance processes and procedures to make sure that these meet legal requirements and industry best practice.

Overall, the Trustee believes that the costs incurred by members offer value for money in this context. Additionally, the charges paid by members for the default arrangement are significantly below the statutory Charge Cap.

6. Trustee's Knowledge and Understanding

There are currently two Directors, one of whom is nominated by the Company. The other Director is nominated by members, fulfilling the legal requirement that at least one-third of a pension scheme's trustee directors should be member nominated.

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge, skills and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7. The Trustee has met the Pension Regulator's TKU requirements (as set out under Code of Practice 7) during the Scheme year through the following measures:

- There were four Trustee meetings with advisers who have provided specialist advice and updates on legislation, guidance and best practice developments. Trustee meeting minutes were compiled and circulated.
- Trustee Directors are familiar with the Scheme documentation, including the Trust Deed & Rules, Trustee Report & Accounts and SIP. In particular, the Trustee refers to the Rules when making decisions, has a meeting each year to discuss the Trustee Report & Accounts and regularly reviews and updates the SIP as appropriate.
- Trustee Directors keep their knowledge of the law relating to pensions and trusts up to date through training provided at Trustee meetings and external seminars. Specifically, the Trustee reviews quarterly updates from their advisers and receives a legal training session at least once a year. All training sessions (both external and at meetings) are recorded on their training log.
- Trustee Directors are familiar with the investment principles appropriate for DC schemes. The Trustee reviews quarterly updates from their advisers and receives training and updates on markets and developing investment thinking. Furthermore, specific training is provided so as to ensure the Trustee is able to make informed decisions in respect of the strategies and funds used by the Scheme at the appropriate time.

All of the existing Trustee Directors have completed the Pension Regulator's Trustee Toolkit.

TUBE LINES PENSION SCHEME

CHAIR'S STATEMENT YEAR ENDED 31 MARCH 2022

6. Trustee's Knowledge and Understanding (Continued)

In addition to the skills within the Trustee Board, the Trustee engaged with the appointed professional advisers regularly throughout the year to ensure that the Scheme is run, and functions are exercised, properly, including the following:

- Reviewing quarterly stewardship reports from the administration provider
- Reviewing quarterly reports from Legal & General Investment Management
- Receiving an independent annual audit report

New Trustee Directors would be asked to complete the Trustee Toolkit within one year of appointment and the Chair will provide them with key documents. Training will be provided to ensure any newly appointed Trustee Director is familiar with the Scheme, the relevant documentation and their duties. No new Directors were appointed over the course of the year.

The Trustee Board as a whole formally discuss their training requirements each year and training logs are reviewed and updated as appropriate.

The independent Scheme Secretary provides oversight of the performance and effectiveness of the Trust Board and identifies areas of training that are appropriate based on the Scheme's business plan and developments within the pensions industry. For example, developments in the investment industry towards taking into account Ethical, Social and Governance (ESG) factors in decision making and ensuring that appropriate stewardship of pension scheme assets is maintained were identified as appropriate training areas. These were addressed with training provided by the Trustee's advisers.

Overall, the Trustee is confident that all requirements of the Regulations as they apply are being met in the interests of members of the Scheme.

Approval

The Chair's Statement was approved by the Trustee and signed on its behalf by:

Chair of Trustee

Date: 31/10/2022

TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

This Statement of Investment Principles sets out the principles governing decisions about the investment of the assets of the Tube Lines Pension Scheme ('the Scheme').

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005), the Occupational Pension Schemes (Scheme Administration) Regulations 1996, the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2019.

Scheme Investment Objective

In investing the assets of the Scheme in a prudent manner, the Trustee Directors' key aim is to provide a range of investments that are suitable for meeting members' long and short-term investment objectives. They have taken into account members' circumstances, in particular the range of members' attitudes to risk and term to retirement.

The Scheme Investment Objective is implemented using the range of investment options set out in the Appendix. Details of the Trustee Directors' aims and objectives in respect of the default investment strategy and other investment options are provided below.

Drawdown Lifestyle Strategy ('Default Strategy')

The Trustee Directors' objectives for the default strategy are as follows:

- Aim for significant long term real growth while members are further away from retirement.
- Manage down volatility in fund values as members near retirement.
- Target an end point portfolio that is appropriate and consistent with how members may take their benefits when they retire.

The objectives of the fund managers in respect of the underlying funds used within the strategy are set out in the Appendix which also details the kinds of investments held and the balance between them.

Other investment policies relating to the default strategy are set out in the sections below.

Taken together, the objectives and policies the Trustee Directors have adopted in respect of the default strategy, and following analysis of the membership, are expected to meet the needs of members, by providing the following:

- The opportunity to increase the value of their benefits with investment growth.
- An investment which manages risk in an appropriate and considered way.
- A portfolio commensurate with how members may take their benefits when they retire.

Other Investment Options

It is the Trustee Directors' policy to provide suitable information for members so that they can make appropriate investment decisions. The range of other investment options was chosen by the Trustee Directors after taking advice from their investment adviser. In choosing the Scheme's investment options, it is the Trustee Directors' policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management and the need for manager diversification.
- The suitability of each asset class for a defined contribution scheme.
- The need for appropriate diversification.

TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

Expected Returns

The Trustee Directors expect the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long-term returns on the bond and cash options are expected to be lower than the predominantly equity options. However, bond funds are expected to broadly match the price of annuities. Cash funds will provide protection against changes in short-term capital values and may be appropriate for members receiving part or all of their retirement benefits in the form of cash.

Risk Measurement and Management

The Trustee Directors recognise that members experience risk associated with the Scheme's investment options including the default strategy. The Trustee Directors take account of this in the selection and monitoring of the investment managers and the choice of funds offered to members.

The main areas of risk with this type of arrangement are as follows:

Market Risk: The Scheme is subject to currency, interest rate and other price risk associated with the underlying investments. These risks can impact the valuations of the funds. The Trustee Directors have selected a wide range of funds to be available to allow members to suitably diversify their investments to manage these risks. This is also considered when setting the lifestyle strategies. Furthermore, the Trustee Directors closely monitor the performance of the funds and receive quarterly updates from the investment adviser giving views on their continuing appropriateness.

Inflation: The absolute return on investments and hence the value of the pension policy may be diminished by inflation. To help mitigate this risk, a range of funds is offered including growth funds which aim to provide real growth (growth in excess of inflation) over the long term.

Credit Risk: The risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The credit risk the Scheme is exposed to arises from holdings in the underlying funds accessed through Legal & General's investment platform. The investment adviser has provided advice on the funds and investment platform. This includes information on the security of the Scheme assets in relation to credit risk.

Due to the complex and interrelated nature of these and other risks, the Trustee Directors considers these risks in a qualitative rather than quantitative manner as part of each formal strategy review.

In addition, the Trustee Directors measure risk in terms of the performance of the assets compared to the benchmarks and targets on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet their performance targets.

TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

Governance

The Trustee Directors of the Scheme have ultimate responsibility for the investment of the Scheme assets. The Trustee Directors take some decisions and delegate others. When deciding which decisions to take and which to delegate, the Trustee Directors have taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustee Directors have established the following decision-making structure:

Trustee Directors

- Set structures and processes for carrying out their role.
- Select and monitor planned asset allocation.
- Monitor and select investment advisers and fund managers.
- Monitor and select direct investments.
- Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy.
- Set investment structures and oversee their implementation.

Investment Adviser

- Advise on all aspects of the investment of the Scheme's assets, including implementation.
- Advise on this statement.
- Provide required training.

Fund Managers

- Operate within the terms of this statement and their written contracts.
- Select individual investments with regard to their suitability and diversification.
- Advise Trustee Directors on suitability of their benchmarks.

The Trustee Directors' policy is to review their investments and to obtain written advice about them at regular intervals. When deciding whether to make any new investments or terminate any investments, the Trustee Directors will obtain written advice from their investment adviser.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustee Directors (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries;
- Security;
- Quality;
- Liquidity;
- Profitability;
- Nature and duration of liabilities;
- Tradability on regulated markets;
- Diversification;
- Use of derivatives.

The Trustee Directors' investment adviser has the knowledge and experience required under the Pensions Act 1995.

TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

Implementation

Aon has been selected as the investment adviser to the Trustee Directors. It has a mandate to provide the Trustee Directors with a full service designed to ensure that the Trustee Directors are fully briefed on the decisions they need to take themselves and those they need to delegate. Aon is paid on a time-costed fee basis.

Details of each fund chosen by the Trustee Directors are set out in the Appendix. The custodians appointed by the fund managers provide safekeeping for all the funds' assets and perform the administrative duties, such as the collection of interest and dividends and dealing with corporate actions.

The Trustee Directors have delegated all day-to-day decisions about the investments that fall within each mandate, including the realisation of investments, to the relevant fund manager. When choosing investments, the Trustee Directors and the fund managers (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4).

The Trustee Directors expect the provider to ensure the fund manager of the underlying assets carries out the powers of investment delegated to it with a view to giving effect to the principles in this statement so far as is reasonably practicable.

The Fund managers are remunerated through an annual management charge for each fund (calculated as a percentage of funds held). The charges have been negotiated to ensure competitiveness and are reviewed regularly.

Responsible Investment

Environmental, Social and Governance Considerations

The Trustee Directors view any considerations that can affect long term, risk adjusted returns as being financially material. Financially material considerations include environmental, social and governance factors, including climate change, which can negatively impact the value of investments held if not understood and evaluated properly.

The Trustee Directors consider these risks by taking advice from their investment adviser when setting the Scheme's investment strategy, when selecting managers and when monitoring their performance.

Members' Views and Non-Financial Factors

The Trustee Directors recognise the importance of offering a suitable range of investment options for members and, where applicable, will consider member feedback on updating the default strategy and range of funds.

The Trustee Directors have made the Ethical and Shariah funds available to members who would like to invest in funds with these specific considerations. The funds that make up the default strategy and other investment options do not apply purely ethical or moral judgements as the basis for investment decisions.

TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

Stewardship – Voting and Engagement

As part of their delegated responsibilities, the Trustee Directors expect the Scheme's fund managers to:

- Where appropriate, engage with investee companies and issuers of debt with the aim to protect and enhance their value.
- Exercise the Trustee Directors' voting rights in relation to the Scheme's assets.

The Trustee Directors regularly reviews the continuing suitability of the appointed managers and takes advice from their investment adviser in this regard. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. If a manager is found to be falling short of the standards that the Trustee Directors expect, they will engage with the manager and seek a more sustainable position.

The Trustee Directors will review and report on the stewardship activities of its asset managers on an annual basis, covering both engagement and voting actions. The Trustee Directors will review the alignment of the investment managers' policies with their own and ensure the manager uses its influence as a major institutional investor to carry out the Trustee Directors' rights and duties as a responsible shareholder and asset owner. This will include voting, along with engaging with underlying investee companies and issuers of debt to promote good corporate governance and accountability.

Policies on Costs and Transparency

Asset managers are remunerated by the deduction of set percentages of assets under management, which is in line with market practice. This avoids a short-term approach to investment performance that may be the result of any performance-related fees.

The Trustee Directors believe that net of all costs performance assessments provide an incentive for investment managers to manage costs efficiently. As such, the Trustee Directors believe it is important to understand the different costs and charges which are paid by members. These include:

- explicit charges, such as the annual management charge, and additional expenses that are disclosed by fund managers as part of the Total Expense Ratio ('TER').
- implicit charges, such as the portfolio turnover costs (transaction costs) borne within a fund. The Trustee Directors define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the fund's portfolio. These are incurred on an ongoing basis and are implicit within the performance of each fund.

The Trustee Directors collect information on these member-borne costs and charges on an annual basis, where available, and sets these out in the Annual Chairman's Statement regarding DC Governance, which is made available to members in a publicly accessible location.

No specific ranges are set for acceptable costs and charges, particularly in relation to portfolio turnover costs. However, the Trustee Directors expect its investment adviser to highlight if these costs and charges appear unreasonable when they are collected as part of the Annual Chairman's Statement exercise.

TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

Policies on Arrangements with Asset Managers

The Trustee Directors monitor those investments used by the Scheme to consider the extent to which the investment strategy and decisions of the asset managers are aligned with the Trustee Director's policies as set out in the Statement of Investment Principles, including those on non-financial matters.

The Trustee Directors also monitor those investments available through the Scheme but not included in the default strategy. This includes monitoring the extent to which asset managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

The Trustee Directors are supported in this monitoring activity by its investment consultant.

Before appointment of a new investment, the Trustee Directors review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee Directors' policies. Where possible, the Trustee Directors will seek to express its expectations to the asset managers to try to achieve greater alignment.

The Trustee Directors believe that setting clear expectations to the asset managers and regular monitoring of asset managers' performance and investment strategy is, in most cases, sufficient to incentivise the asset managers to make decisions that align with the Trustee Director's policies.

Where asset managers are considered to be making decisions that are not in line with the Trustee Director's policies, expectations, or the other considerations set out above, the Trustee Director's will typically first engage with the manager but could ultimately replace the asset manager where this is deemed necessary.

There is typically no set duration for arrangements with asset managers, although the continued appointment all for asset managers will be reviewed periodically, and at least every three years.

Review

The Trustee Directors will review this statement at least every three years and sooner if there is a change in the policy on any of the areas covered by the statement. The Trustee Directors will consult with the Employer and take written advice when revising the statement.

This Statement of Investment Principles is produced to meet the requirements of the Pensions Act 1995 and to comply with the Government's Voluntary code of conduct for Institutional Investment in the UK. The Trustee Directors also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

Version: Final Effective date: 30 September 2020

Last-Reviewed: 30 September 2019

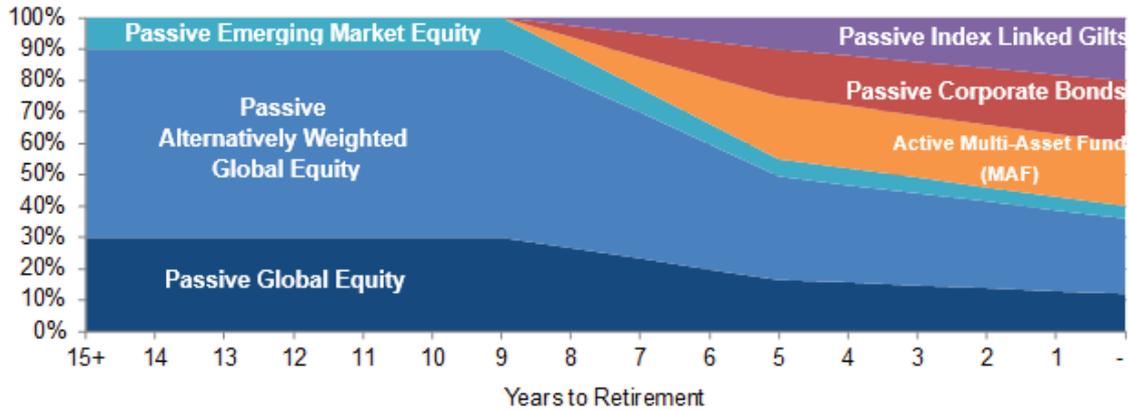
TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

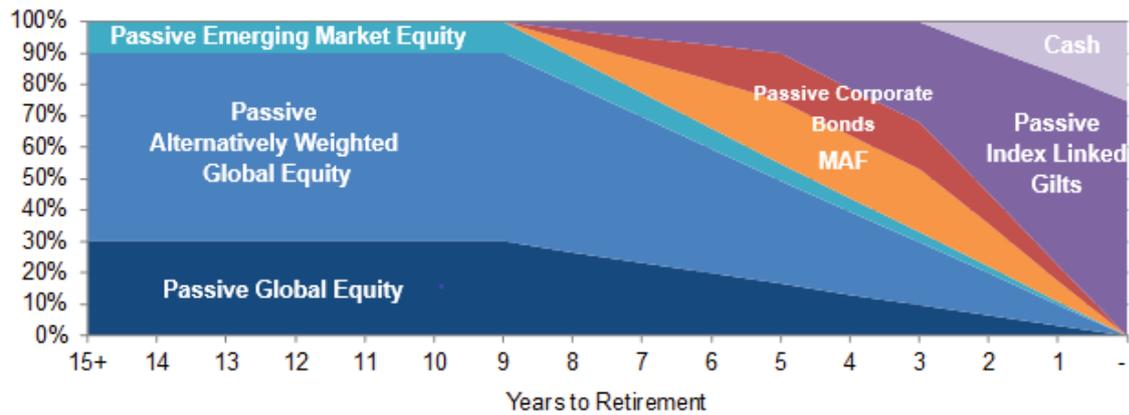
Appendix

Details of the Scheme investment options including the default investment strategy are set out below.

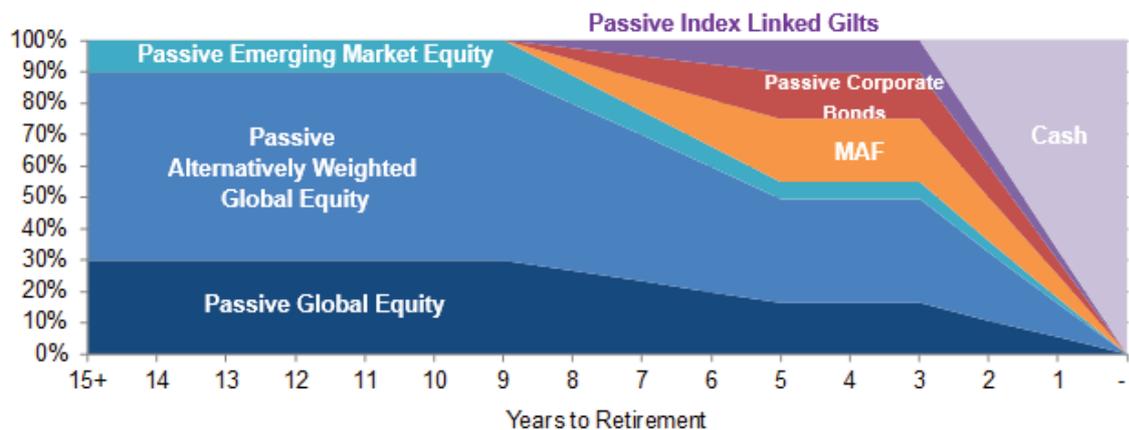
Drawdown Lifestyle Strategy (Default Strategy)



Annuity Lifestyle Strategy



Cash Lifestyle Strategy



TUBE LINES PENSION SCHEME

STATEMENT OF INVESTMENT PRINCIPLES YEAR ENDED 31 MARCH 2022

Standalone Fund Options

The standalone fund range is set out in table below along with their respective benchmarks/targets and the current charges (TERs). Funds in bold are also used within the lifestyle strategies detailed above.

| Fund | Benchmark / Target | TER % p.a. |
|---|--|---------------|
| Equities | | |
| LGIM World (ex UK) Equity Index Fund | FTSE World ex UK Index | 0.08% |
| Alternatively Weighted Global Equity Fund | Bespoke Index | 0.15% |
| LGIM World Emerging Market Equity Index Fund | FTSE Emerging Index | 0.35% |
| LGIM UK Equity Index Fund | FTSE All-Share Index | 0.05% |
| LGIM North America Equity Index Fund | FTSE World North America Index | 0.14% |
| LGIM Europe (ex-UK) Equity Index Fund | FTSE Developed Europe ex UK Index | 0.18% |
| LGIM Japan Equity Index Fund | FTSE Japan Index | 0.16% |
| LGIM Asia Pacific (ex-Japan) Developed Equity Index Fund | FTSE Developed Asia Pacific ex Japan Index | 0.20% |
| LGIM Ethical Global Equity Index Fund | FTSE4Good Global Equity Index | 0.30% |
| HSBC Islamic Global Equity Index Fund | Dow Jones Islamic Titans 100 Index | 0.35% |
| Active Multi Asset Fund | | |
| Invesco Global Targeted Returns Pension Fund | LIBOR plus 5% p.a. | 0.75% |
| Bonds | | |
| LGIM Investment Grade Corporate Bond – All Stocks – Index Fund | Markit iBoxx £ Non-Gilts Index | 0.12% |
| LGIM Over 5 Years Index-Linked Gilt Index Fund | FTSE Actuaries UK Index Linked Gilts Over 5 Years Index | 0.05% |
| LGIM Pre-Retirement Fund | Composite of gilts and corporate bonds | 0.05% |
| Cash | | |
| LGIM Cash Fund | 7 day LIBID | 0.06% |

TUBE LINES PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF TUBE LINES PENSION SCHEME

Opinion

We have audited the financial statements of the Tube Lines Pension Scheme for the year ended 31 March 2022 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and notes to the financial statements, 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 financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements, we have concluded that the Scheme's trustee's use of the going concern basis of accounting in the preparation of the financial statements 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 Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Scheme'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 financial statements and our auditor's report thereon. The Scheme's trustee is responsible for the other information contained within the annual report. Our opinion on the financial statements 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 financial statements 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 financial statements 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.

TUBE LINES PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF TUBE LINES PENSION SCHEME

Responsibilities of Trustee

As explained more fully in the Trustee's Responsibilities Statement set out on page 25, the Trustee is responsible for the preparation of financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme'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 Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

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 financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, 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 financial statements 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 frameworks that the Scheme operates in and how the Scheme is complying with the legal and regulatory frameworks;
- 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 financial statements may be susceptible to fraud.

TUBE LINES PENSION SCHEME

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF TUBE LINES PENSION SCHEME

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements 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 financial statements 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 any significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements 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.

Use of our report

This report is made solely to the Scheme's Trustee directors 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 Scheme's Trustee Directors 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 Scheme and the Scheme's Trustee Directors 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

Date:

TUBE LINES PENSION SCHEME

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|--|------|-------------|-------------|
| Employer contributions | 4 | 129,605 | 137,861 |
| Employee contributions | 4 | 46,757 | 49,517 |
| | | 176,362 | 187,378 |
| Other income | 5 | 196 | 6,417 |
| | | 176,558 | 193,795 |
| Benefits paid or payable | 6 | (812,712) | (1,096,149) |
| Payments to and on account of leavers | 7 | (2,454,728) | (1,375,540) |
| Administrative expenses | 8 | 19,470 | 11,168 |
| | | (3,247,970) | (2,460,521) |
| Net withdrawals from dealing with members | | (3,071,412) | (2,266,726) |
| Returns on investments | | | |
| Change in market value of investments | 9 | 9,505,917 | 22,477,444 |
| Net increase in the fund during the year | | 6,434,505 | 20,210,718 |
| Opening net assets | | 94,922,414 | 74,711,696 |
| Closing net assets | | 101,356,919 | 94,922,414 |

The notes on pages 48 to 57 form part of these financial statements.

TUBE LINES PENSION SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|--|------|--------------------|-------------------|
| Investment assets | | | |
| Pooled investment vehicles | 11 | <u>100,720,027</u> | <u>94,478,662</u> |
| Total net investments | | <u>100,720,027</u> | <u>94,478,662</u> |
| Current assets | 15 | 749,198 | 457,521 |
| Current liabilities | 16 | (112,306) | (13,769) |
| Net assets available for benefits at 31 March | | <u>101,356,919</u> | <u>94,922,414</u> |

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay benefits which fall due after the end of the Scheme year.

The notes on pages 48 to 57 form part of these financial statements.

These financial statements on pages 46 to 57 were approved by the Trustee and were signed on its behalf by:

Trustee Director:

Date: 31/10/2022

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. Basis of preparation

The individual financial statements 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 ('FRS 102') - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice ('SORP') (2018) - Financial Reports of Pension Schemes, published by the Pensions Research Accountants Group ('PRAG').

The financial statements have been prepared on the going concern basis. At the date of signing these financial statements, the Trustees believe that, due to its investment de-risking structure for members and the fact that the Scheme is purely DC in nature, the Plan is able to comfortably cover its related outgoings for the foreseeable future. As a result, the Trustees consider the preparation of the financial statements on a going concern basis to be appropriate.

2. Identification of financial statements

Tube Lines Pension Scheme is a Defined Contribution occupational pension scheme established under trust under English Law.

The address of the Scheme's office is 5 Endeavour Square, London, E20 1JN.

3. Accounting policies

The principal accounting policies applied to the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Functional and presentational currency

The Scheme's functional and presentational currency is Pounds Sterling (GBP).

Assets and liabilities in other currencies are converted to Pounds Sterling at the rates of exchange ruling at the year end. Transactions in other currencies are translated into Pounds Sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

Contributions

Normal and additional voluntary contributions, both from Employees and Employers, are accounted for on an accruals basis in the period to which they relate.

Employers' additional contributions are accounted for in the year in which they fall due in line with the Payment Schedule. Where expenses of the scheme are met directly by the employer no separate contribution is recognised in these financial statements.

Benefits paid or payable

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type and amount of the benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Where tax liabilities are settled on behalf of members, for example where the lifetime allowance or annual allowance is exceeded, the tax due is accounted for on the same basis as the benefit.

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. Accounting policies (continued)

Payments to and on account of leavers

Individual transfers to other schemes are accounted for when member liability is discharged which is normally when the transfer amount is paid.

Refunds and opt-outs are accounted for when the Trustee is notified of the member's decision to leave the Scheme.

Administrative expenses

Administrative expenses are accounted for on an accruals basis, net of recoverable VAT. Where expenses of the scheme are met directly by the employer no separate contribution is recognised in these financial statements.

Other income

Other income is accounted for on an accruals basis.

Investment income

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Income arising from the underlying investments of the pooled investment vehicles, which is reinvested within the pooled investment vehicles, is reflected in the unit price. Such income is reported within the change in market value.

Income from cash and short-term deposits is accounted for in these financial statements on an accruals basis.

Change in market value of investments

The change in market value of investments during the year comprise 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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees.

Valuation of investment assets

Investments

Investment assets are included in the financial statements at fair value. The methods of determining fair value for the principal classes of investment are pooled investment vehicles which are unquoted or not actively traded are stated at bid price or single price where there is no bid/offer spread as provided by the investment manager at the year end.

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. Contributions

| | 2022 | 2021 |
|------------------|-------------|-------------|
| | £ | £ |
| Employer: | | |
| Normal | 129,605 | 137,861 |
| Employee: | | |
| Normal | 46,757 | 49,517 |

5. Other income

| | 2022 | 2021 |
|--------------|-------------|-------------|
| | £ | £ |
| Other income | 196 | 6,417 |

6. Benefits paid or payable

| | 2022 | 2021 |
|---|-------------|-------------|
| | £ | £ |
| Commutations of pensions and lump sum retirement benefits | 685,778 | 667,792 |
| Purchase of annuities | - | 313,024 |
| Lump sum death benefits | 126,934 | 115,333 |
| | 812,712 | 1,096,149 |

7. Payments to and on account of leavers

| | 2022 | 2021 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Individual transfers to other schemes | 2,454,728 | 1,374,313 |
| Refund to members leaving service | - | 1,227 |
| | 2,454,728 | 1,375,540 |

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8. Administrative expenses

| | 2022 £ | 2021 £ |
|-------------------------------|-----------|-----------|
| Administration and processing | - | (4,508) |
| Audit fees | - | (20,000) |
| Other professional fees | (19,475) | 13,311 |
| Bank charges | 5 | 29 |
| | (19,470) | (11,168) |

The majority of administrative expenses have been paid for by the Employer in 2022, in line with the Payment Schedule. Administrative expenses are in a credit in the current year due to rebates received from the investment manager. In the prior year the balance was also in a credit position due to accrued invoices from the previous year which were paid by the Employer and the accruals released.

9. Investments

| | Opening value at 1 April 2021 £ | Purchases at cost £ | Sales proceeds £ | Change in market value £ | Closing value at 31 March 2022 £ |
|----------------------------|--|---------------------------|---------------------|-----------------------------------|---|
| Pooled investment vehicles | 94,478,662 | 3,728,840 | (6,993,392) | 9,505,917 | 100,720,027 |
| Total net investments | 94,478,662 | | | | 100,720,027 |

Investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions were paid.

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9. Investments (continued)

An analysis of investment assets is as follows:

| | 2022 £000 | 2021 £000 |
|----------------------|----------------------------|----------------------------|
| Allocated to members | 100,720,027 | 94,478,662 |
| | <u>100,720,027</u> | <u>94,478,662</u> |

Transaction costs

There are no direct transaction costs in the year nor in the previous year. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles. It is not possible for the Trustee to quantify these indirect costs.

10. Taxation

The Scheme is a registered pension scheme in accordance with the Finance Act 2004. This means that the contributions paid by both the Employer and the members qualify for full tax relief, and is exempt from income tax and capital gains tax except for withholding tax on overseas investment income.

11. Pooled investment vehicles

| | 2022 £ | 2021 £ |
|------------------------|-------------------------|-------------------------|
| Bond funds | 7,216,131 | 7,717,496 |
| Cash & liquidity funds | 763,719 | 787,230 |
| Equity funds | 89,204,097 | 82,812,554 |
| Multi-asset funds | 3,536,080 | 3,161,382 |
| | <u>100,720,027</u> | <u>94,478,662</u> |

The legal nature of the Scheme's pooled arrangements is:

| | 2022 £ | 2021 £ |
|-----------------------|-------------------------|-------------------------|
| Authorised unit trust | <u>100,720,027</u> | <u>94,478,662</u> |

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. Fair value hierarchy

FRS102 requires for each class of financial instrument an analysis of the level in the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Level 1: The unadjusted quoted price in an active market for an identical asset or liability that the entity can access at the assessment dates;

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability either directly or indirectly;

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Scheme's investment assets fall within the above hierarchy as follows:

| | Level 1 £ | Level 2 £ | Level 3 £ | 2022 Total £ |
|----------------------------|--------------|--------------|--------------|--------------------|
| Investment assets | | | | |
| Pooled investment vehicles | - | 100,720,027 | - | 100,720,027 |
| <hr/> | | | | |
| | Level 1 £ | Level 2 £ | Level 3 £ | 2021 Total £ |
| Pooled investment vehicles | - | 94,478,662 | - | 94,478,662 |

Valuation techniques and assumptions in determining fair value are described in note 3.

13. Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks.

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 instrument 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 instrument 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 instrument 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 day to day management of the underlying investments of the funds is the responsibility of the managers including the direct management of credit and market risks.

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Investment risk (continued)

Market risk (continued)

The risks disclosed here relate to the Scheme's investments as a whole. Members are able to choose their own investments from the range of funds offered by the Board and therefore may face a different profile of risks from their individual choices compared with the Scheme as a whole.

Credit risk

Legal and General Assurance (Pensions Management) Limited (PMC) is a life insurance company authorised to write long-term business under the Financial Services and Markets Act 2000. PMC is an insurance undertaking for the purposes of the Insurance Distribution Directive. The business of PMC primarily consists of writing unit linked pooled pension fund insurance policies. It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. As part of that business, it holds investments divided into separate sub-funds known as PF Sections. The value of each Policy that it issues is determined by reference to the value of one or more of the PF Sections. It is in these Policies that the Scheme invests.

LGIM has been appointed as the investment manager of these funds and is authorised and regulated by the Financial Conduct Authority. It provides investment and marketing services to PMC. The ultimate holding company is Legal & General Group Plc.

The Scheme is subject to direct credit risk in relation to its policies held with PMC. The policies themselves are unrated. However, credit risk is mitigated through the regulatory environment in which PMC operates and the underlying assets of PMC being ring-fenced from the investment manager.

Furthermore, even if PMC did become insolvent, statutory protection is in place through the Financial Services Compensation Scheme (FSCS). The FSCS covers business conducted by firms authorised by the FCA and applies when a firm is unable or likely to be unable to pay claims arising against it. It is our understanding that if PMC became insolvent, the Board would be eligible to make a claim on FSCS in respect of all assets invested through the platform (although we should point out that this has never been tested in practice).

The Scheme is also subject to indirect credit risk arising from the underlying funds and from the individual securities held in the funds (including, potentially, in non-investment grade investments). This risk is managed through diversification across the investment options available in the Scheme.

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Investment risk (continued)

Market risk

The Scheme is subject to indirect currency, interest rate and other price risk arising from the underlying financial instruments held in some funds. The table below summarises the indirect risk exposures by fund at 31 March 2022.

| | Credit risk | Currency risk | Interest rate risk | Other price risk | 2022 Value (£) | 2021 Value (£) |
|--|-------------|---------------|--------------------|------------------|--------------------|-------------------|
| Alternatively Weighted Global Equity Fund | - | ✓ | - | ✓ | 49,751,053 | 47,147,698 |
| LGIM World (ex UK) Equity Index Fund | ✓ | ✓ | - | ✓ | 26,420,168 | 24,411,907 |
| LGIM World Emerging Markets Equity Index Fund | ✓ | ✓ | - | ✓ | 8,299,370 | 7,582,994 |
| LGIM Over 5 Year Index-Linked Gilts Index Fund | ✓ | - | ✓ | ✓ | 4,189,052 | 3,927,693 |
| LGIM UK Equity Index Fund | - | - | - | ✓ | 3,451,888 | 3,524,269 |
| Invesco Global Targeted Returns Fund | ✓ | ✓ | ✓ | ✓ | 3,536,080 | 3,161,382 |
| LGIM Investment Grade Corporate Bond All Stocks Index Fund | ✓ | - | ✓ | - | 3,027,078 | 2,694,177 |
| LGIM Pre-Retirement Fund | ✓ | - | ✓ | - | 987,293 | 1,095,626 |
| LGIM Cash Fund | ✓ | - | ✓ | - | 763,719 | 787,230 |
| LGIM North America Equity Index Fund | ✓ | ✓ | - | ✓ | 205,633 | 57,449 |
| LGIM Japan Equity Index Fund | ✓ | ✓ | - | ✓ | 45,727 | 46,933 |
| LGIM Europe (ex UK) Equity Index Fund | ✓ | ✓ | - | ✓ | 17,316 | 16,263 |
| LGIM Asia Pacific (ex Japan) Developed Equity Index Fund | ✓ | ✓ | - | ✓ | 24,628 | 24,192 |
| HSBC Islamic Global Equity Index Fund | - | ✓ | - | ✓ | 540 | 444 |
| LGIM Ethical Global Equity Index Fund | ✓ | ✓ | - | ✓ | 482 | 405 |
| Total investments | | | | | 100,720,027 | 94,478,662 |

Source: Legal & General Investment Management

The analysis of these risks set out above is at the Scheme level. Member level risk exposures will depend on the funds invested in by members.

Fair Value Measurements

According to FRED 62 methodology LGIM pooled funds are classified as Level 2.

14. Concentration of investments

The following investments, account for more than 5% of the net assets of the Scheme.

| | 2022 | | 2021 | |
|---|------------|--------|------------|--------|
| | Value £ | % | Value £ | % |
| Alternatively Weighted Global Equity Fund | 49,751,052 | 49.09% | 47,147,698 | 49.66% |
| LGIM World (ex UK) Equity Index Fund | 26,420,167 | 26.07% | 24,411,907 | 25.71% |
| LGIM World Emerging Markets Equity Index Fund | 8,299,370 | 8.19% | 7,582,994 | 7.99% |

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

15. Current assets

| | 2022 £ | 2021 £ |
|----------------------------|----------------|----------------|
| Employer contributions due | 3,770 | 3,770 |
| Cash balances | 742,718 | 451,041 |
| Sundry debtors | 2,710 | 2,710 |
| | <u>749,198</u> | <u>457,521</u> |

All contributions covered by the Payment Schedule have been received and the Trustee is liaising with the Employer over the amount outstanding from a previous year.

Included in the cash balances is £104,090 (2021: £302,388) which is not allocated to members. All other assets are allocated to members. Figures show in sundry debtors £2,710 (2021: £2,710) relate to the amounts due to HMRC in respect of historic leavers.

16. Current liabilities

| | 2022 £ | 2021 £ |
|----------------------|----------------|---------------|
| Accrued expenses | 13,175 | 13,175 |
| Accrued benefits | 35,279 | - |
| HM Revenue & Customs | 63,258 | - |
| Sundry creditors | 594 | 594 |
| | <u>112,306</u> | <u>13,769</u> |

17. Employer related investments

There were no direct Employer related investments during the year or at the year end (2021: Nil).

The Trustee recognises that indirect investment in the Employer's sponsor group, is possible through holdings in pooled investment vehicles. The Trustee believes that any indirect exposure to Investment in the Employer sponsor group was no more than 5% of the Scheme assets at any time during the year and was no more than 5% (2021: 5%) at year end.

18. Related party transactions

Related party transactions and balances comprise:

Key management personnel

No contributions have been received, or benefits paid, in respect of trustee directors, who are members of the scheme, during the year. Any transactions with trustee directors who are members of the scheme will be made in accordance with the Trust Deed and Rules.

Fees and expenses were paid to the Trustee Directors in the amount of £Nil (2021: £Nil) by the Scheme. At the year end a creditor balance of £Nil (2021: £Nil) is due to be paid.

TUBE LINES PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

18. Related party transactions (continued)

The membership status of the Trustee Directors at the year end is as below:

T Handley – non-member (2021 – non-member)
H Srikantharajah – deferred (2021 – deferred)

Employer and other related parties

The Principal and participating Employers are considered related parties. All transactions involved with these entities relate to remittance of monthly contributions required under the Rules of the Scheme. The Employer has also paid for expenses of the Scheme during the year, in line with the Payment Schedule.

The Principal Employer meets all administrative expenses of the Scheme except for those in note 8.

19. Contingent assets and liabilities

In the opinion of the Trustee, the Scheme had no contingent assets and liabilities as at 31 March 2022 (2021: £Nil).

20. Post Balance Sheet Events

On the 23rd September 2022, the “mini-budget” established a marked shift in the UK Government’s fiscal policy. This fuelled the already uncertain economic outlook of the UK resulting in very volatile market conditions. Specifically, gilt yields rose sharply resulting in the Bank of England intervening on the 28th September 2022 to restore market conditions. These factors may have a significant impact on the fund’s held by the scheme, specifically those invested in bonds and cash markets, and values may be materially different from the values as at 31 March 2022.

TUBE LINES PENSION SCHEME

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF TUBE LINES PENSION SCHEME

Statement about contributions payable under Payment Schedule

We have examined the summary of contributions payable to the Tube Lines Pension Scheme on page 59, in respect of the Scheme year ended 31 March 2022.

In our opinion the contributions for the Scheme year ended 31 March 2022 as reported in the Summary of Contributions on page 59 and payable under the Payment Schedule have in all material respects been paid at least in accordance with the Payment Schedule dated and 30 March 2021.

Scope of work on statement about contributions

In our opinion the contributions for the Scheme year ended 31 March 2022 as reported in the Summary of Contributions on page 59 and payable under the Payment Schedule have in all material respects been paid at least in accordance with the Payment Schedule dated and 30 March 2021.

Respective responsibilities of Trustee and auditor

As explained more fully on page 25 in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Payment Schedule showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Payment Schedule.

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

Use of our statement

This statement is made solely to the Scheme'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 Scheme'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 scheme and the Scheme'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

Date:

TUBE LINES PENSION SCHEME

SUMMARY OF CONTRIBUTIONS FOR THE YEAR ENDED 31 MARCH 2022

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Plan under the payment schedule dated 30 March 2021.

During the year ended 31 March 2022 the contributions payable to the Scheme were as follows:

| | Employer £ | Employees £ | Total £ |
|---|----------------|----------------|----------------|
| Contributions payable under the Payment Schedule and as reported by the Scheme auditor | | | |
| Normal | 129,605 | 46,757 | 176,362 |
| Total contributions reported in the financial statements | <u>129,605</u> | <u>46,757</u> | <u>176,362</u> |

The Summary of Contributions was approved by the Trustee and signed on its behalf by:

Trustee Director:

Date 31/10/2022