

Useful contacts

Pension Tracing Service

To track pension benefits due to you from previous schemes:

Address

**Pension Tracing Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU**

Telephone

0800 731 0193

www.gov.uk/find-pension-contact-details

The Pensions Advisory Service (TPAS)

For advice and guidance on pension matters:

Address

**The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB**

Telephone

0800 011 3797

www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

Investigates or determines any complaints or disputes of fact or law where TPAS is unable to help:

Address

**The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU**

Telephone

0800 917 4487

www.pensions-ombudsman.org.uk

The Pensions Regulator

Protects pension benefits by promoting high standards of governance and administration:

Address

**The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW**

Telephone

0345 600 7060

www.thepensionsregulator.gov.uk



November 2019



MAERSK



November 2019

Trustee's Annual Report and Summary Funding Statement

1 April 2018 – 31 March 2019

Maersk Retirement
Benefit Scheme



MAERSK

Message from the Chairman

I am pleased to report another good year financially for the Scheme, with a small further improvement in the funding level.

The Trustee continues to work to improve the funding position, and you can find more detail on this in the Summary Funding Statement section. The strong funding position has enabled the Trustee, in agreement with the Company, to further reduce investment risk.

The next formal actuarial valuation of the Scheme's assets and liabilities is as at 31 March 2020. The results of the valuation are expected to be available towards the end of 2020, with further details issued after this.

As in previous years the purpose of this report is to give you details of who runs the Scheme, where the Scheme monies are invested, an update of the Scheme's funding position and a summary of the accounts.

The Trustee is looking to review its communications and is seeking your input. Please look at the postcard (enclosed with this Report) for details on how you can give us your valuable feedback (UK only).

If you have any queries, please feel free to write to us at the Newcastle address or email John.McGurk@maersk.com.

Nigel Pusey | Chairman

Maersk RBS Pension Trustee Ltd

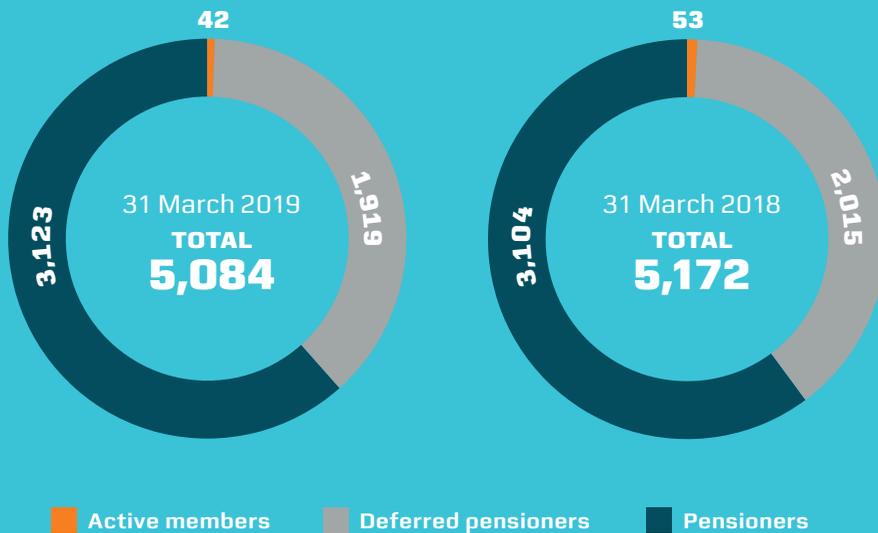
Maersk's London office was closed this year and work has transferred to the Newcastle office. The new address can be found on page 17.



Events during the year

The Scheme is operated in accordance with the Trust Deed and Rules. These are legal documents that govern the Scheme, including details of the benefits provided and how the Scheme is administrated.

The charts show the number of members as at 31 March 2019 and 31 March 2018. Membership numbers include the transferred-in membership from the Maersk Oil Scheme (MO).



The Trustee

The Trustee is a corporate trustee, Maersk RBS Pension Trustee Limited. The power of appointment and removal of the directors is exercised through the trustee company's memorandum and articles of association by the board of directors of Maersk Line UK Limited, the sponsor of the Scheme.

From 6 April 2006, trustees became responsible for member nominated trustee arrangements or, in the case of a corporate trustee such as Maersk RBS Pension Trustee Ltd, Member Nominated Directors (MNDs).

The following served as Trustee Directors during the year to 31 March 2019:

Current Trustee Directors



Nigel Pusey
Chairman



Lorna MacMillan
Appointed
3 September 2018



Clive Allen
MND



Tony Mason
Former MND
moved to Company
appointee effective
from 1 June 2018



Sandra Davy
MND appointed
3 August 2018

Served as Trustees during the year

Kenneth Eintoft
Resigned 31 August 2018

**The Law Debenture
Pension Trust Corporation plc**
Independent Trustee appointment ended 8 May 2018

The role of the Trustee

The Trustee has met regularly over the last twelve months to oversee matters relating to the operation of the Scheme. In summary, the Trustee has to ensure that:

- **The correct contributions are collected by the due date and invested appropriately;**
- **The correct benefits are paid to the right people at the right time;**
- **Correct and accurate records are kept, proper accounts are produced and audited and any taxes are paid; and**
- **All necessary people and regulatory bodies are kept informed about the Scheme as appropriate.**

The Trustee, with advice from investment professionals, is responsible for the management of the Scheme's investment strategy. It is also responsible for monitoring the performance of the fiduciary investment manager.

The Trustee has established an audit committee which is responsible for reviewing the accounts, arranging the annual audit, meeting with the Scheme's auditors to review their findings and monitoring the administration services provided by the Scheme administrator. If required, other committees of the Trustee can be set up to cover specific projects.

Providers of services to the Trustee are:

- **Willis Towers Watson – advisers to the Trustee, providing general consultancy advice;**
- **Neil Mobbs of Willis Towers Watson – the Scheme Actuary;**
- **BlackRock Investment Management (UK) Ltd – fiduciary investment manager and investment adviser;**
- **KPMG – assisting the Trustee in monitoring the performance of BlackRock;**
- **Travers Smith – the Scheme solicitor;**
- **JLT Employee Benefits – the Scheme administrator;**
- **KPMG – auditor; and**
- **John McGurk – secretary to the Trustee, responsible for the day to day services provided to the members and Trustee.**

Summary Funding Statement

Every three years the Trustee formally reviews the Scheme's funding, comparing the value of its assets with its liabilities. The liabilities are the Scheme's commitment to pay pensions and other benefits to members and their dependants.

This review is known as the Triannual Actuarial Valuation and is based on a set of economic and demographic assumptions set by the Trustee. The resulting valuation of the liabilities is commonly known as "technical provisions". Legislation requires the Trustee to provide you with an annual update of the funding position of the Scheme both assuming the fund continues on an on going basis, and also in the hypothetical case that the fund was wound up.

The Trustee uses the technical provisions to determine whether and to what extent the company needs to pay additional contributions to make good any shortfall in the funding of the Scheme. Between formal actuarial valuations, the Trustee carries out more approximate annual reviews.

The technical provisions from the most recent formal actuarial valuation as at 31 March 2017 and the interim reviews as at 31 March 2018 and 2019 are shown below:

	31 March 2017	31 March 2018	31 March 2019
Assets £ m	1,061.8	1,106.3	1,143.7
Liabilities £ m	1,074.4	1,043.7	1,069.5
(Shortfall) or surplus £ m	(12.6)	62.6	74.2
Funding level %	99%	106%	107%

Special contribution

Although there was a shortfall as at 31 March 2017, the Trustee agreed with the Company that no additional contributions would need to be made to make good the shortfall because a special contribution of £34m was due to be paid to the Scheme in September 2017.

The special contribution came about following the sale of Maersk Oil, and was in respect of Maersk Oil's former liabilities. The special contribution, as well as a better-than-expected investment performance over the year to 31 March 2018, resulted not only in the elimination of the shortfall, but gave rise to a modest surplus at that date. Continued positive investment performance over the year to 31 March 2019 has meant a slight increase in both the funding level and surplus.

Reduced risk

The improved funding position has enabled the Trustee, with the agreement of the Company, to further reduce investment risk by cutting back its exposure to equities (company stocks and shares). The decision to reduce investment risk was made in May 2019.

The Company continues to cover the costs of future pension accrual for the small number of active members in employment, as well as an allowance towards the Scheme's operation expenses. AP Moller Maersk provides a guarantee in relation to the funding of the Scheme, which gives additional reassurance to the Trustee in respect of any future funding requirements.

The Trustee is required to inform members that no payments have been made from the Scheme to the Company since the last Summary Funding Statement, and that the Scheme has not been modified by the Pensions Regulator, nor is it bound by any contribution requirements or directions imposed by the Regulator.

The next formal actuarial valuation of the Scheme's liabilities will be as at 31 March 2020. The results of this review are expected to be available early in 2021. Details of the valuation will be sent to you as soon as they are known.

Journey plan

The Trustee has also set a higher funding target for the Scheme, which is to give it greater confidence of being able to meet the technical provisions and pay members' benefits as they become due, without relying on ongoing support from the Company. Scheme assets are invested to reach this higher target, and take on an appropriate level of risk over a reasonable timescale. This is known as the Journey Plan, and the Trustee regularly checks progress against it. Relative to this higher target, the Scheme was 89% funded as at 31 March 2017, and 95% and 98% funded as at 31 March 2018 and 2019 respectively.

Solvency

As part of the formal Triannual Actuarial Valuation, the Trustee is required to estimate the amount of money it would need to buy annuities (pension payments) from an insurer to cover members' pensions if the Scheme was to wind up. This is called the 'Solvency Basis'.

The cost of purchasing annuities to cover the Scheme's benefits as at 31 March 2017 was £166 million greater than the assets held at that date. The position will be estimated again as part of the 2020 valuation. Providing solvency details to members is required under legislation, but it should be noted that providing this information does not mean that the Company is thinking of winding up the Scheme.



Financial summary for the year ended 31 March 2019

The Scheme has received regular employer contributions of £1.088 million (2018: £1.222 million) during the year.

In addition, special employer contributions of £0.906 million (2018: £34.974 million) were paid. No further contribution was paid in the Scheme year to 31 March 2019 in respect of the deficit from the 2017 valuation (2017: £3.5 million) and £720,000 (2018: £720,000) was to cover Scheme expenses, while the balance was in respect of augmented pension benefits on redundancy.

Contributions	£000s
Employer contributions	1,088
Additional employer contributions for augmentation and administration	1,626
Employee contributions including AVCs	97
Total	2,811

Benefits/Expenses	£000s
Pension benefits (note 1)	(34,832)
Expenses (note 2)	(919)
Subtotal	(35,751)
Net withdrawals from dealing with members	(32,940)

Investment	£000s
Investment income	16,055
Investment management expenses	(1,796)
Change in market value of investments	56,063
Net return from investment	70,322

Net increase in fund	37,382
Fund value at 31 March 2018	1,142,890

Notes:

1. These cover benefits payable on retirement (including lump sums and pensions) and withdrawals (including transfer out payments and death benefits).
2. These cover adviser fees including, actuarial, audit, legal, communication and Trustee fees.
3. The figures shown above are derived from the Scheme's audited accounts.

The value of assets held as at 31 March 2019, including money purchase or AVC funds, is shown in the table below.

Asset class	Value £	Actual allocation at 31 March 2019 %	12 Month Return %
Equities	139,446,543	12.32	9.26
Fixed Income	146,151,130	12.92	8.29
Alternatives / Other	128,323,190	11.34	7.1
Liability Hedging*	717,524,918	63.41	4.98
Cash and Currency Hedging	90,952	0.01	-
Total Portfolio	1,131,536,733	-	-
AVC Funds	7,834	-	-
Current Assets	1,846	-	-
Fund value	1,131,546,413		

*A group of investments designed to generate specific cash flows which closely match the Scheme's liabilities for pension payments, both in terms of quantum and timing. Such a strategy is particularly appropriate for a mature pension scheme where future liabilities may be predicted with reasonable accuracy.



Investment strategy

The strategic investment allocation is intended to reduce risk and gradually improve the Scheme's financial position. The Trustee reviews the strategic investment strategy each year, and following the special company contribution of £34m in September 2018, agreed to further reduce investment risk, with 2027 as the target by which time the Scheme would have sufficient low risk assets to meet its accrued liabilities.

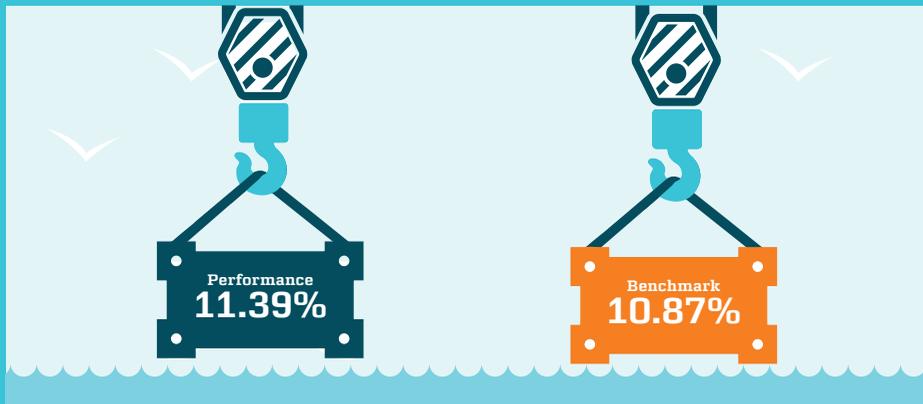
Investments

The investment objective is to achieve full funding of the Scheme's liabilities over a period of time while taking appropriate levels of risk. Overall responsibility for the Scheme's investment management arrangements has been delegated to BlackRock, which is responsible for managing the Scheme's assets to achieve the funding target, and for the appointment and monitoring of investment managers.

The Trustee remains responsible for the Scheme's investment strategy. It has set strategic investment parameters within which BlackRock is permitted to operate and against which it will be monitored.

Investment performance

The diagram below shows performance against the benchmark for the Scheme from 25 April 2014, when BlackRock were appointed as fiduciary manager to 31 March 2019.



KPMG LLP assists the Trustee with monitoring its performance.

Value of investments

Changes to the value of the Scheme's investments (including AVC funds) during the year to 31 March 2019 are shown below.

	Value at 1 April 2018	Purchases at cost	Sale proceeds	Change in market value	Value at 31 March 2019
	£000s	£000s	£000s	£000s	£000s
Bonds	931,329	488,318	(505,499)	39,742	953,890
Pooled investments	561,932	414,042	(462,949)	34,600	547,625
Derivatives	(54,425)	(1,489)	18,175	(13,053)	(50,792)
Liquidity	59,621	241,547	(221,721)	(5,764)	73,683
AVC Investments	8,049	1	(754)	538	7,834
Subtotal	1,506,506	1,142,419	(1,172,748)	56,036	1,532,240
Cash Instruments	(412,003)	-	-	-	(393,624)
Cash and Collateral	6,829	-	-	-	1,899
Accrued Income	1,103	-	-	-	529
Total	1,102,435	-	-	-	1,141,044

Costs are incurred by the Scheme in relation to transactions in bonds and pooled investment vehicles. These are accounted for by an adjustment to the price for bonds or the bid and/or offer spread of units for pooled funds.



Pension updates

Pension increases

For former PONL Scheme members, the Rules provide for an annual increase which is the greater of:

- 3%, or if less, the percentage increase in the Retail Prices Index over the review period; or
- 80% of the rise in the Retail Prices Index over the review period.

The increase in RPI over the review period to 30 September 2018 was 3.3%. In accordance with the Rules, an increase of 3.0% was awarded as at 1 April 2019.

This increase was to the whole pension for those below State Pension Age, and to the pension in excess of the Guaranteed Minimum Pension (which is increased partly by the DWP and partly by the Scheme) for those over State Pension Age. The increase also applied to the deferred pensions of former PONL members who have left service but not yet started to draw their pension.

The table below shows the history of pension increases granted to former PONL members by the Trustee since 2015.

Scheme year to 1 April	RPI over review period %	Increase granted by the Trustee %
2015	2.3	2.3
2016	0.8	0.8
2017	2.0	2.0
2018	3.9	3.1
2019	3.3	3.0

The pension increase granted to former MO members each April is based on the increase in RPI to the previous 31 December as follows:

Any pension which is:

- Attributable to Scheme Service prior to 6 April 1997 is increased by the lesser of 3% per annum and the increase in RPI over the preceding year.
- Attributable to Scheme Service after 6 April 1997 but prior to 6 April 2006, is increased by the lesser of 5% per annum and the increase in RPI over the preceding year.
- Attributable to Scheme Service after 6 April 2006 is increased by the lesser of 2.5% per annum and the increase in RPI over the preceding year.

RPI to 31 December 2018 was 2.7%.

Pensions in payment for less than a year receive proportionate increases.

Guaranteed Minimum Pension

Some members, particularly those who are in receipt of a pension and who are over age 65 (male) or age 60 (female), may be aware that their MRBS pension entitlement includes an element of pension known as the Guaranteed Minimum Pension (GMP).

From 6 April 1978 through to 5 April 1997, individuals could accrue an entitlement to an earnings-related pension addition to their basic State Pension. This was known as the State Earnings Related Pension (SERPS). Schemes could contract out of SERPS (with both the employee and employer paying lower National Insurance contributions) if the pension it provided was at least equal to a statutory minimum known as the Guaranteed Minimum Pension (GMP). MRBS, like many other company-sponsored schemes, contracted out of SERPS and members' pension entitlements include a GMP element as a result. The method for calculating GMPs is set out in legislation and can result in inequality between men and women, predominantly because GMPs are payable from different ages for men (65) and women (60) – and consequently, they accrue at different rates. In 2016, the Government introduced the flat rate State Pension, and contracting out ceased.

In October 2018, the High Court handed down its judgement in the Lloyds Bank case ruling that schemes are required to equalise GMPs between men and women earned for service between 17 May 1990 and 5 April 1997. This is a complex area and it is likely to be some time before the Trustee reaches any decisions as to how it will comply with this ruling.

The Trustee has undertaken a reconciliation exercise to ensure that the GMP information it holds on members' records is in line with that held by HMRC. This project is in its final stages. The next step is for the Trustee to consider rectification of any differences between the GMPs held by the Scheme and those held on HMRC's records.

More information on how the Trustee will address both these requirements will be provided as it becomes available.



Pensions news

The annual pension allowance was set at £40,000 from April 2014. This allowance is the limit to the contributions that can be made to your pension each tax year, or to the benefits that can be built up in a scheme such as the Maersk Retirement Benefit Scheme, while still receiving tax relief.

Members most likely to be affected by the Annual Allowance are those members who are currently accruing additional pension entitlement, either through the Maersk Retirement Benefit Scheme or another employer's scheme, rather than those whose pensions are in payment.

Following changes introduced by the Government in April 2016, the Annual Allowance is now tapered for high earners. The Annual Allowance reduces by £0.50 for every £1 of income above £150,000 until it reaches a minimum annual limit of £10,000. This assessment is based on total UK taxable income, including dividends, interest on savings, income from property rental or other sources and the value of any pension benefits built up over the tax year.

The Lifetime Allowance, which is the value of all your pension benefits except State Pension benefits, is set at £1.05m for 2019/2020 tax year. The value of pension entitlement over this limit is subject to a tax charge. If you think your pension benefits do, or will, exceed the above limits, you may wish to take independent financial advice.

Pension input periods

Following changes introduced by the Government in April 2016, the pension input periods in all registered schemes are aligned with the tax year.

Early retirement

Members whose benefits have not come into payment are reminded that they are able to transfer their benefits to another pension arrangement, or on reaching age 55, draw their pensions early.

Members who wish to consider either of these options should contact the Scheme administrator, JLT Employee Benefits, using the contact details provided on page 18.

Pension flexibility

Flexibility introduced in 2015 allows members to take their pension benefit as a taxable cash sum if they wish, rather than receiving a regular pension from the Scheme. If you are interested in this option, the Trustee recommends you take independent financial advice before making any final decisions.

The State Pension

The new single-tier State Pension was introduced in April 2016. It replaced both the existing basic State Pension and the additional earnings-related State Pension. Contracting out of the additional component of the State Pension, and the ability to pay reduced National Insurance contributions, also ended on that date.

Single-tier

The new single-tier State Pension is payable to people who reach State Pension Age on or after 6 April 2016 – i.e. men born on or after 6 April 1951 and women born on or after 6 April 1953. Your State Pension Age depends on your date of birth. You can visit www.gov.uk/state-pension-age to find out your state pension.

Qualifying years

The new single-tier State Pension is based on your National Insurance record and a minimum “qualifying years” requirement. People with no National Insurance record before 6 April 2016 (i.e. those starting work after that date) will need 35 ‘qualifying years’ to get the full amount of the new single-tier State Pension. However, most people will have made, or been credited with, National Insurance contributions before 6 April 2016.

How much these are worth depends on the type of National Insurance contributions payable by each person. These National Insurance contributions will be taken into account when your new single-tier State Pension is calculated. The new rules make sure that the amount of pension you get for these contributions is no less under the new single-tier State Pension than you would have got under the current State Pension – provided you meet the 35 year minimum qualifying period.

For the new single-tier State Pension, you will normally need at least 10 ‘qualifying years’ on your National Insurance record to get any State Pension. These can be from before or after 6 April 2016, and they don’t have to be 10 years in a row. For those who have more than 10 and less than 35 ‘qualifying years’, they will receive a proportion of the new State Pension. However, in certain circumstances, it is possible to buy additional years’ entitlements.

Under the new single-tier State Pension, how much you get will usually be based solely on your own National Insurance record. However, there will still be a few circumstances in which people get some State Pension through their spouse or civil partner.

**For further information on the new arrangements,
go to: www.gov.uk/new-state-pension**

Scheme contacts

Scheme administrator

JLT Employee Benefits are our Scheme administrator. They centralise and coordinate all postal arrangements for the Maersk Retirement Benefit Scheme. All post for the Scheme will be sent to JLT's Manchester office to be logged and issued to the Scheme administrators in Leatherhead.

The address for all future correspondence with the Scheme administrator should be sent to:

**JLT Employee Benefits, Post Handling Centre U, St James's Tower,
7 Charlotte Street, Manchester, M1 4DZ**

Telephone: **01372 200 208**

Email: **maerskrbs@jltgroup.com**

Internal Dispute Resolution (IDR) procedures

The Trustee has adopted a dispute resolution procedure, a copy of which can be provided by the Scheme Administrator on request.

Scheme secretary

This year, Maersk's London office was closed and the work transferred to the Newcastle Office. For questions about the Scheme or your benefits, please get in touch. We can't give you advice, but we can help with any queries or point you in the right direction.

Address: **John McGurk, Head of Pensions, The Maersk Company Ltd, The Pearl, 7 New Bridge Street West, Newcastle Upon Tyne, NE18 8Q**

Telephone: **+44 (0) 7887 956242**

Documents

The following documents are available on request from the Scheme secretary at the Newcastle address listed above.

- [Statement of Investment Principles](#)
- [Schedule of Contributions](#)
- [Annual Report and Accounts](#)
- [Latest Actuarial Valuation](#)
- [Scheme Booklet](#)

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