Willis Towers Watson

Maersk Retirement Benefit Scheme

Actuarial valuation as at 30 September 2019

11 June 2021

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Summary

The main results of the Scheme's actuarial valuation are as follows:

- Technical provisions funding level as at 30 September 2019 has increased to 113% (31 March 2017: 99%)

- Surplus of assets relative to technical provisions at 30 September 2019 of £141.9 million (31 March 2017: Deficit of £12.6 million)

- The Scheme Actuary's statutory estimate of solvency as at 30 September 2019 has increased to 103% (31 March 2017: 86%)

- The theoretical joint contribution rate required to meet the increase in technical provisions arising from the accrual of future service benefits has increased to 83.7% of pensionable salaries (31 March 2017: 74.9%). The Trustee has agreed that the Company can continue to pay the existing rate of contributions in respect of future accrual.

Contents

Throughout this report the following terms are used:

Scheme
Maersk Retirement Benefit Scheme

Trustee
Maersk RBS Pension Trustee Limited

Company
Maersk Line UK Limited, other participating companies and, where applicable, AP Moller Maersk as Guarantor

Trust Deed & Rules
The Scheme's Trust Deed and Rules dated 17 February 2005, as subsequently amended

Introduction

Scope

This report is the actuarial valuation of the Maersk Retirement Benefit Scheme as at 30 September 2019 and I have prepared it for the Trustee. As noted in the Limitations section of this report, others may not rely on it.

The actuarial valuation is required under the terms of Clause 3.1 of the Trust Deed & Rules and Part 3 of the Pensions Act 2004; a copy of this report must be provided to the Company within seven days of its receipt.

The main purposes of the actuarial valuation are to review the financial position of the Scheme relative to its statutory funding objective and to determine the appropriate level of future contributions.

The report explains the financial position of the Scheme at 30 September 2019 using several different measures of its liabilities and how it has changed since the previous valuation at 31 March 2017. It also describes the strategy that has been agreed between the Trustee and Company for financing the Scheme in future and provides projections of the funding position at the expected date of the next valuation.

This report and the work involved in the actuarial valuation are within the scope of and comply with the Financial Reporting Council's Technical Actuarial Standards 100: Principles for Technical Actuarial Work and 300: Pensions.

Next steps

The Trustee is required to disclose to members, in a summary funding statement, certain outcomes of this actuarial valuation within a reasonable period. Members may also request a copy of this report.

The financial position of the Scheme and the level of Company contributions to be paid will be reviewed at the next actuarial valuation, which is expected to be carried out no later than as at 30 September 2022.

In intervening years the Trustee will obtain annual actuarial reports on developments affecting the Scheme's assets and technical provisions. The next such report, which will have an effective date of 30 September 2020, must be completed by 30 September 2021.

N G Mobbs
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited, a Willis Towers Watson Company
11 June 2021

Watson House
London Road
Reigate
Surrey
RH2 9PQ

http://eutct.internal.towerswatson.com/clients/615927/MRBSLSCformalvaluation30Sep2019/Documents/7.%20Reporting%20(CO)/7.1%20Valn%20report/Maersk%20valuation%20report.docx

Limitations

Third parties

This report has been prepared for the Trustee for the purpose indicated. It has not been prepared for any other purpose. As such, it should not be used or relied upon by any other person for any other purpose, including, without limitation, by individual members of the Scheme for individual investment or other financial decisions, and those persons should take their own professional advice on such investment or financial decisions. Neither I nor Towers Watson Limited accept any responsibility for any consequences arising from a third party relying on this report.

Except with the prior written consent of Towers Watson Limited, the recipient may not reproduce, distribute or communicate (in whole or in part) this report to any other person other than to meet any statutory requirements.

Data supplied

The Trustee bears the primary responsibility for the accuracy of the information provided, but will, in turn, have relied on others for the maintenance of accurate data, including the Company who must provide and update certain membership information. Even so it is the Trustee's responsibility to ensure the adequacy of these arrangements. I have taken reasonable steps to satisfy myself that the data provided is of adequate quality for the purposes of the investigation, including carrying out basic tests to detect obvious inconsistencies. These checks have given me no reason to doubt the correctness of the information supplied. It is not possible, however, for me to confirm that the detailed information provided, including that in respect of individual members and the asset details, is correct.

This report has been based on data available to me as at the effective date of the actuarial valuation and takes no account of developments after that date except where explicitly stated otherwise.

Some of the member data (such as date of birth and salary) required for the running of the Scheme, including for paying out the right benefits, is known as ‘personal data’. The use of this data is regulated under the Data Protection Act (DPA) and the General Data Protection Regulation (GDPR), which places certain responsibilities on those who exercise control over the data (known as ‘data controllers’ under the DPA and GDPR). Data controllers would include the Trustee of the Scheme and may also include the Scheme Actuary and Willis Towers Watson, so we have provided further details on the way we may use this data on our website at http://www.willistowerswatson.com/personal-data.

Assumptions

The choice of long-term assumptions, as set out in the Scheme’s Statement of Funding Principles dated 11 June 2021, is the responsibility of the Trustee, having consulted the Company, after taking my advice. They are only assumptions; they are not predictions and there is no guarantee that they will be borne out in practice. In fact I would expect the Scheme’s experience from time to time to be better or worse than that assumed. The Trustee and the Company must be aware that there are uncertainties and risks involved in any course of action they choose based on results derived from these assumptions.

The funding of the Scheme is subject to a number of risks and it is not possible to make an allowance for all such risks in providing our advice. Unless stated, no explicit allowance has been made for any particular risk. In particular, no explicit allowance has be made for climate-related risks.

Funding

Statutory funding objective

The Trustee's only formal funding objective is the statutory funding objective under the Pensions Act 2004, which is to have sufficient and appropriate assets to cover the Scheme's technical provisions.

The technical provisions are calculated by projecting the benefits (which are mostly pension payments) expected to be paid in each year after the valuation date and then discounting the resulting cashflows to obtain a present value. Benefits accrued in respect of service only up to the valuation date are taken into account in this calculation (although an allowance is made for an assumed level of future pensionable earnings increases for employed members). The main benefits taken into account in this actuarial valuation are summarised in the Additional Information section of this report.

The projections allow for benefit payments being made from the Scheme over the next 80 or so years. Most of these payments depend on future increases in price inflation statistics subject to specified limits.

The method and assumptions for calculating the technical provisions as at 30 September 2019 have been agreed between the Trustee and Company and are documented in the Statement of Funding Principles dated 11 June 2021.

The table below summarises the main assumptions used to calculate the Scheme's technical provisions for this and the previous actuarial valuation.

Financial assumptions	**30 September 2019** **% pa**	31 March 2017 % pa
Discount rate*	**Gilt yields + 0.5**	Gilt yields + 0.5
Price inflation (RPI)	**3.15**	3.3
Price inflation (CPI)	**2.25**	2.3
Salary increases (PONL)	**3.15**	3.3
Deferred pension revaluation**		
- PONL: max [80% of RPI, RPI capped at 3%]	**2.85**	3.0
- MONS: CPI capped at 5%	**2.25**	2.3
- MONS: CPI capped at 2.5%	**2.25**	2.3
- GMP	**Fixed rates as prescribed**	Fixed rates as prescribed
Pension increases in payment**		
- PONL: max [80% of RPI, RPI capped at 3%]	**2.85**	3.0
- MONS: RPI capped at 2.5%	**2.5**	2.5
- MONS: RPI capped at 3%	**2.7**	2.75
- MONS: RPI capped at 5%	**3.05**	3.2
- Post 88 GMP: CPI capped at 3%	**2.2**	2.25

*As defined in the Statement of Funding Principles, equivalent to a single effective nominal discount rate of 1.3% as at 30 September 2019. (31 March 2017: 2.0% pa)
**Subject to floors of 0%

Demographic assumptions	30 September 2019	31 March 2017
Mortality base tables		
- Male Pensioners	**93% of S3PMA**	100% of S2PMA
- Female Pensioners	**97% of S3PFA**	100% of S2PFA
Future improvements in longevity	**CMI 2018 Core Projections Model with a 2.0% pa long-term improvement rate and an intial addition parameter of 0.5% pa**	CMI 2016 Core Projections Model with a 2.0% pa long-term improvement rate and period smoothing parameter of 8.5
Proportion of pension exchanged for a lump sum at retirement	**0%**	0%
Reserve for data adjustments*	**2% of liabilities**	2% of liabilities

* Primarily in respect of potential additional liabitlies resulting from GMP rectification, GMP equalisation and contingent spouses' benefits.

The table below compares the Scheme's technical provisions as at the date of the actuarial valuation (30 September 2019) with the market value of the Scheme's assets and the corresponding figures from the previous actuarial valuation:

Valuation statement	30 September 2019 £m	31 March 2017 £m
Amount required to provide for the Scheme's liabilities in respect of:		
Active members	**35.5**	51.4
Deferred pensioners	**439.2**	423.7
Pensioners and dependants	**614.4**	569.2
Data reserve	**21.8**	20.9
AVCs	**8.1**	9.2
Technical provisions	**1,119.0**	1,074.4
Market value of assets	**1,260.9**	1,061.8
Past service (deficit) / surplus (technical provisions less assets)	**141.9**	(12.6)
Funding level (assets ÷ technical provisions)	**113%**	99%

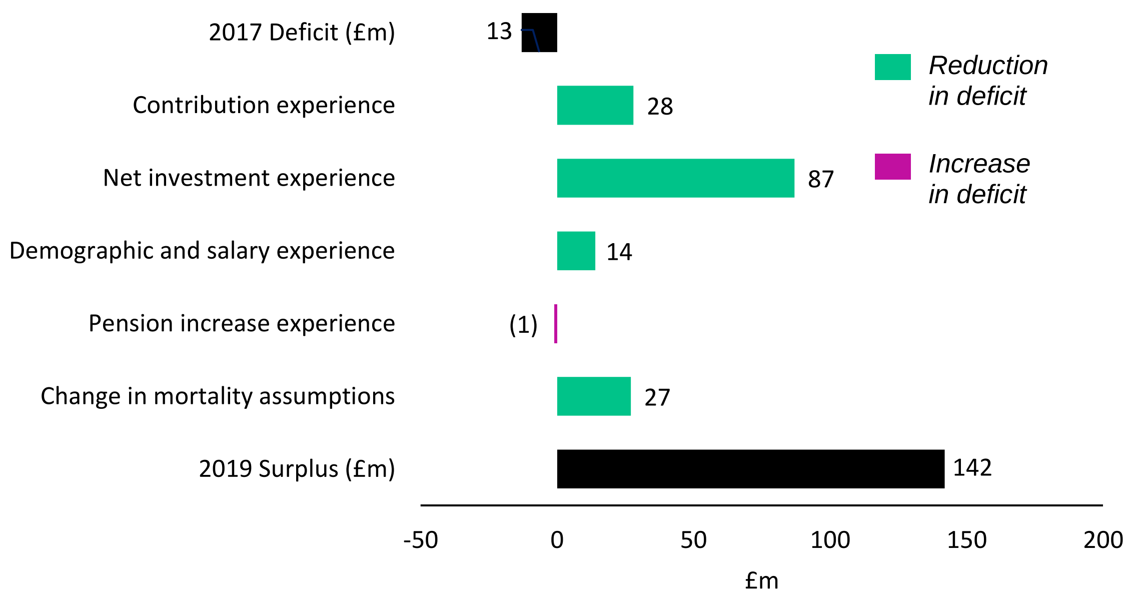
Developments since the previous valuation

In August 2017, AP Moller Maersk announced its proposed sale of Maersk Oil. Following this, Maersk Oil withdrew from the intra-company agreement with Maersk Line UK Ltd under which the former had previously reimbursed the latter for costs associated with former members of the MONS Pension Scheme. As a condition of withdrawing from the intra-company agreement, £34 million was transferred from Maersk Oil to Maersk Line UK Ltd and then subsequently paid into the Scheme in September 2017.

Increases to pensions in excess of GMP over the inter-valuation period have been as shown in the following table. We have included the increase as at 1 April 2020 as this has also been allowed for in the calculations.

	1 April 2017	1 April 2018	1 April 2019	1 April 2020
PONL: max [80% of RPI, RPI capped at 3%]	2.0%	3.1%	3.0%	2.4%
MONS: RPI capped at 5% pa	2.5%	4.1%	2.7%	2.2%
MONS: RPI capped at 3% pa	2.5%	3.0%	2.7%	2.2%
MONS: RPI capped at 2.5% pa	2.5%	2.5%	2.5%	2.2%

There has been an increase in the technical provisions funding level since the previous valuation from 99% to 113% and the technical provisions deficit of £12.6 million has become a surplus of £141.9 million. The main factors contributing to this increase are shown below.



Contribution requirements

Future accrual of benefits

Under the method and assumptions described in the Statement of Funding Principles dated 11 June 2021, the theoretical joint contribution rate needed to cover the accrual of future service benefits by former members of the PONL Penson Scheme is 83.7% of Pensionable Earnings less 1 ½ times the Lower Earning Limit (of which members who are not in the salary sacrifice arrangement contribute 7.0% with the employers paying the balance). This is the rate that would need to be paid over the year following the valuation date to meet the cost of the benefits expected to be built up over that year.

As the assets of the Scheme exceed the technical provisions, the Trustee has agreed that the Company can continue to pay the existing rate of contributions to cover future accrual. In particular, the joint contribution rate that will be paid to cover the accrual of future service will be 44.7% of Pensionable Earnings less 1 ½ times the Lower Earnings Limit (of which members who are not in the salary sacrifice arrangement contribute 7.0% with the employers paying the balance).

As the Scheme is closed to new entrants, the average age of its active membership is expected to rise in future. When this happens the contribution rate required to cover accruing benefits is very likely to rise as there will then be a shorter period over which investment returns can be earned on the contributions. By contrast, the cash amount required to meet this cost is expected to fall as the reduction in the active member headcount has a greater impact.

In addition to contributing at the rates set out above, employers will be required to pay £720,000 per annum to cover the non-investment expenses of the Scheme. (The investment return is assumed to be net of investment-related expenses.) PPF levies and any additional contributions required by the Trustee (for, but not limited to, benefit augmentations and compulsory early retirements) will be met by the employers separately.

Recovery plan

As there were sufficient assets to cover the Scheme's technical provisions at the valuation date, a recovery plan is not required.

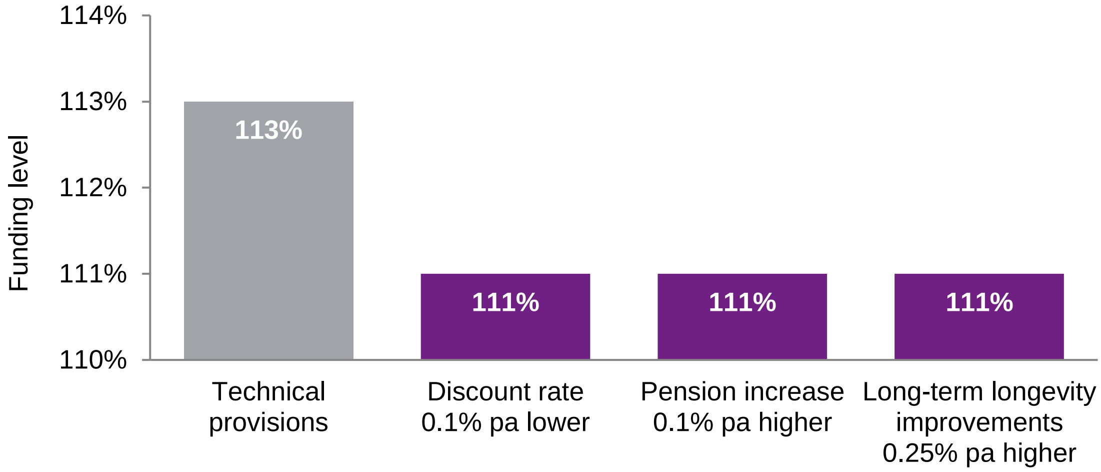
Developments since 30 September 2019

The Company recently announced that, with effect from 31 May 2021, the Scheme will be closed to future benefit accrual. Contributions in relation to future service accrual will cease with effect from 1 June 2021 and the Trustee will also hold a reserve from that point onwards to cover the non-investment expenses of the Scheme (including PPF levies).

Projections and sensitivities

Based on the assumptions underlying the calculation of the Scheme's technical provisions as at 30 September 2019 and allowing for contributions to be subsequently paid into the Scheme as described above, the funding level is expected to remain broadly stable.

The chart below illustrates the sensitivity of the technical provisions as at 30 September 2019 to variations of individual assumptions. (If more than one of these assumptions is varied, the effect may be greater than the sum of the changes from varying individual assumptions.)



Solvency

Discontinuance

In the event that the Scheme is discontinued, the benefits of employed members would crystallise and become deferred pensions in the Scheme. There would be no entitlement to further accrual of benefits and the salary linkage of PONL Pension Scheme members would be lost.

If the Scheme's discontinuance is not the result of the Company's insolvency, the Company would ultimately be required to pay to the Scheme any deficit between the Scheme Actuary's estimate of the full cost of securing Scheme benefits with an insurance company (including expenses) and the value of the Scheme's assets – the "employer debt". The Trustee would then normally try to buy insurance policies to secure future benefit payments. However, the Trustee may decide to run the Scheme as a closed fund for a period of years before buying such policies if it is confident that doing so is likely to produce higher benefits for members or if there are practical difficulties with buying insurance policies.

If the Scheme's discontinuance is a result of the Company's insolvency, the "employer debt" would be determined as above and the Scheme would also be assessed for possible entry to the Pension Protection Fund ("PPF"). If the assessment concluded that the assets (including any funds recovered from the Company) were not sufficient to secure benefits equal to the PPF compensation then the Scheme would be admitted to, and members compensated by, the PPF. Otherwise the Scheme would be required to secure a higher level of benefits with an insurance company.

Statutory estimate of solvency

The Pensions Act 2004 requires that I provide the Trustee with an estimate of the solvency of the Scheme at the valuation date. Normally, this means an estimate of the proportion of the accrued benefits that could have been secured by buying insurance policies with the assets held by the Scheme at the valuation date. For this purpose I have assumed that no further payments are received from the Company.

I have assumed that the insurance company price would be calculated on an actuarial basis similar to that implied by bulk annuity quotations seen by Willis Towers Watson at or around the valuation date. I have assumed the cost of implementing the winding-up to be 2% of the estimated value of the solvency liabilities (leading to assumed additional cost of £23.9 million). This includes the reserve for data adjustments relating to GMP equalisation and other data cleansing.

The table on the following page summarises how the main assumptions used to estimate the Scheme's solvency position at this and the previous actuarial valuation differ from the assumptions used to calculate the technical provisions liabilities.

Financial assumptions	30 September 2019 % pa	31 March 2017 % pa
Pensioner discount rate*	**Gilt yields plus 0.35**	n/a
Non-pensioner discount rate	**Gilt yields less 0.35**	Gilt yields less 0.35
Price inflation (RPI)	**3.15**	3.3
Price inflation (CPI)	**2.45**	2.6
Deferred pension revaluation**		
- PONL: max [80% of RPI, RPI capped at 3%]	**2.85**	3.0
- MONS: CPI capped at 5%	**2.45**	2.6
- MONS: CPI capped at 2.5%	**2.45**	2.5
- GMP	**Fixed rate as prescribed**	Fixed rate as prescribed
Pension increases**		
- PONL: max [80% of RPI, RPI capped at 3%]	**2.85**	3.0
- MONS: RPI capped at 2.5%	**2.5**	2.5
- MONS: RPI capped at 3%	**2.7**	2.75
- MONS: RPI capped at 5%	**3.15**	3.2
- Post-88 GMP: CPI capped at 3% pa	**2.35**	2.5

*We obtained indicative insurance quotations for a pensioner buy-in as at 31 March 2017 which directly informed our statutory estimate of solvency
**Subject to floors of 0%

Demographic assumptions	30 September 2019	31 March 2017
Mortality base tables		
- Males	**93% S3PMA**	100% S2PMA
- Females	**97% S3PFA**	100% S2PFA
Future improvements in longevity	**CMI 2018 Core Projections Model with a 1.5% pa long-term improvement rate and an intial addition parameter of 0.5% pa**	CMI 2014 Core Projections Model with a 1.5% pa long-term improvement rate
Proportion of pension exchanged for a lump sum at retirement	**0%**	0%

My estimate of the solvency position of the Scheme as at 30 September 2019 is that the assets of the Scheme would have met 103% of the cost of buying insurance policies to secure the benefits at that date, based on the assumptions described above. Further details are set out in the table on the following page alongside the corresponding details as at the previous valuation date.

Valuation statement	30 September 2019 £m	31 March 2017 £m
Estimated cost of buying insurance policies to cover:		
Employed members	**42.6**	62.5
Deferred pensioners	**535.9**	539.0
Pensioners and dependants	**618.9**	570.0
Data and expense reserve	**23.9**	47.3
AVCs	**8.1**	9.2
Total estimated cost	**1,229.4**	1,228.0
Market value of assets	**1,260.9**	1,061.8
Solvency surplus / (deficit) (total estimated cost less assets)	**31.5**	(166.2)
Solvency level (assets ÷ total estimated cost)	**103%**	86%

The change in the solvency level from 86% to 103% is due in part to the investment performance of the Scheme's assets being better than assumed, as well as improvement in insurer pricing over the period.

The solvency estimate is only an estimate. The actual position at any particular point in time can be established only by obtaining specific quotations for buying the insurance policies required to secure the benefits.

The coverage for particular benefits depends on where they fall in the statutory priority order below. However, money purchase liabilities, such as those arising from members' Additional Voluntary Contributions (AVCs), are excluded from the statutory priority order; their treatment is determined by the Scheme's own rules and would normally be that they are secured in full before any other benefits.

- category 1 – benefits relating to certain pension annuities secured by the Scheme before 6 April 1997;
- category 2 – the cost to the Scheme of securing the compensation that would otherwise be payable by the PPF if the Company became insolvent;
- category 3 – benefits in respect of defined benefit AVCs not dealt with above;
- category 4 – all other pensions and benefits due under the Scheme, including pension increases (where these exceed those under the PPF).

As the Scheme assets covered the estimated cost of securing benefits with an insurer, the Scheme would not have qualified for entry to the PPF had the Company become insolvent at 30 September 2019, and the members would most likely have received their benefits in full from an insurance company once the Trustee had completed the winding-up of the Scheme.

Relationship between the cost of securing benefits and the technical provisions

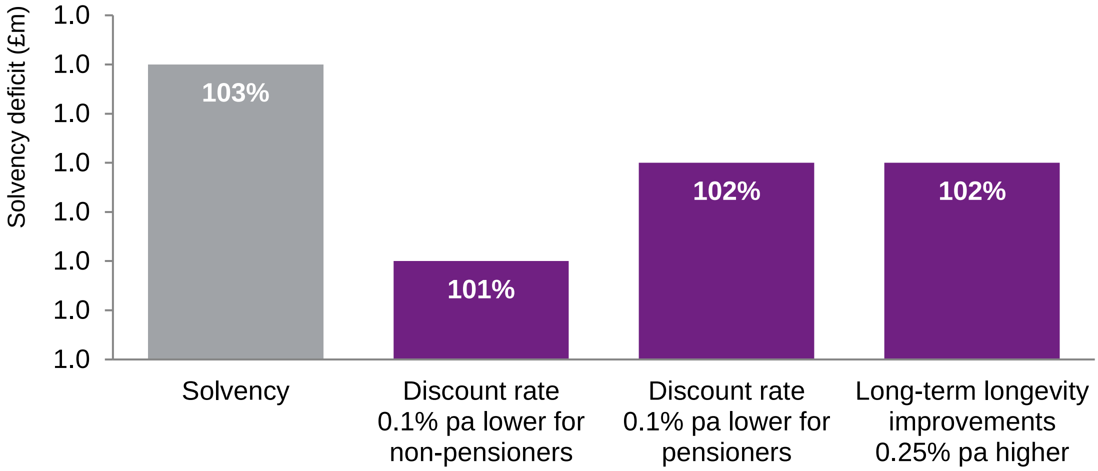
My estimate of the cost of securing benefits with an insurance company of £1,229 million is £110 million higher than the Scheme's technical provisions of £1,119 million.

The technical provisions are intended to be a prudent assessment of the assets required under the Scheme's investment strategy to meet future benefit payments as and when they fall due but with reliance placed on the Company (and the Guarantor) being able to support the Scheme in future if the assumptions are not borne out in practice. By contrast the estimated cost of securing benefits with an insurance company is based on the price that an insurer might be likely to charge to take on the risks associated with operating the Scheme without having recourse to future contributions from the Company (or Guarantor).

Projections and sensitivities

Based on the assumptions underlying the calculation of the Scheme's technical provision as at 30 September 2019 and allowing for contributions to be paid to the Scheme as summarised in the Funding section of this report, the solvency level is expected to remain broadly stable.

The table below illustrates the sensitivity of the solvency position as at 30 September 2019 to variations of individual key assumptions. (If more than one of these assumptions is varied, the effect may be greater than the sum of the changes from varying individual assumptions).



Developments since 30 September 2019

In November 2020, the Trustee secured a buy-in of the vast majority of the Scheme's guaranteed benefits with Legal & General. The buy-in terms and the prior investment performance of Scheme assets, including the transition out of return-seeking assets in December 2019, led to an improvement in the solvency position compared to that set out above (based on the full value of the residual SME loan portfolio).

Additional Information

Risks

The table below summarises the main risks to the financial position of the Scheme (based on the position as at 30 September 2019) and the actions taken to manage them:

Risk	Approach taken to risk
Company unable to pay contributions or make good deficits in the future	At each valuation the Trustee considers the ability of the Company to pay contributions to the Scheme and, in particular, to make good any shortfall that may arise if the experience of the Scheme is adverse. This assessment is taken into account when determining the level of technical provisions and in considering the appropriateness of any recovery plan to remove a deficit relative to the technical provisions. Between valuations the Trustee monitors the Company's and the Guarantor's financial strength regularly.
Investment returns on the existing assets could be insufficient to meet the Trustee's funding objectives	The Trustee takes advice from the Scheme Actuary on possible assumptions for future investment returns. For the calculation of the Scheme's technical provisions, the Trustee has adopted discount rates that are lower than the expected returns on the Scheme assets. The Trustee is able to agree further contributions with the Company at subsequent valuations if future returns prove insufficient.
Investment returns on future income could be lower than the returns available at the valuation date	The Trustee takes this risk into account when determining the Scheme's technical provisions.
Price inflation could be different from that assumed which could result in higher liabilities	The Trustee has invested in assets whose values are highly correlated to changes in inflation, such that the assets and liabilities move in tandem.
Falls in asset values might not be matched by similar falls in the value of the Scheme's liabilities	The Trustee considers this risk when determining the Scheme's investment strategy. It consults with the Company and the Guarantor in order to understand their appetite for bearing this risk and takes advice on the Company's ability to make good any shortfall that may arise.
Scheme members live longer than assumed	For the calculation of the technical provisions, the Trustee has adopted mortality assumptions that it regards as prudent estimates of the life expectancy of members so that higher reserves are targeted in respect of the risk than are expected to be necessary.
Options exercised by members could lead to increases in the Scheme's liabilities	The Trustee sets the terms for converting benefits in respect of member options on the basis of actuarial advice with the view to avoiding strains on the Scheme's finances as far as is reasonably possible without disadvantaging members. The terms are kept under regular review, generally following each actuarial valuation.
Legislative changes could lead to increases in the Scheme's liabilities	The Trustee takes legal and actuarial advice on changes in legislation and consults with the Company, where relevant.

Economic risk Demographic risk Legal risk

Benefits summary

The Scheme is a registered pension scheme under the Finance Act 2004 and was contracted-out of the State Second Pension.

The main provisions of the Scheme are summarised as follows:

Former members of the PONL Pension Scheme

Normal Retirement Age (NRA)	Age 63 (Age 60 for Sea Staff)
Pensionable Earnings	Normal basic earnings only (including the notional earnings that Salary Sacrifice Members would have been entitled to if they had not joined the salary sacrifice arrangement).
Final Pensionable Earnings	Pensionable Earnings over the last 12 months prior to leaving, death or retirement less 1.5 times the Lower Earnings Limit in force over the same period, subject to a minimum of 75% of Pensionable Earnings.
Pensionable Service	Service as a contributing member of the Scheme.
Retirement at NRA	A pension equal to one-sixtieth of Final Pensionable Earnings for each year (or part year) of Pensionable Service, plus a cash supplement equal to 1/20 of the Lower Earning Limit (1/8 Sea Staff) for each year of Pensionable Service.
Retirement before NRA, on grounds of ill health	An immediate pension calculated as for retirement at NRA including prospective service to NRA, without reduction for early payment.
Retirement before NRA, not on grounds of ill health	An immediate pension calculated as for retirement at NRA but based on service up to, and salary at, the date of retirement and reduced for each year of early retirement, plus a cash supplement calculated as for retirement at NRA but reduced for early payment.
Lump sum at retirement	On retirement part of the pension may be exchanged for a lump sum according to an age- and sex-related scale.
Death after retirement	A spouse’s pension equal to 60% of the pension which would have been in payment at the date of death assuming no pension was commuted or surrendered at retirement. Children's allowances are also paid. If death occurs in the five years immediately following retirement a lump sum is paid equal to the amount by which the member’s pension payable until the end of the five year period would exceed the spouse’s pension payable over the period.
Death in service	A lump sum of four times Pensionable Earnings plus a refund of the member's contributions. A spouse's pension equal to 60% of the pension which the member would have received on retirement on grounds of ill health at the date of death. Children's allowances are also paid.

Leaving service	A deferred pension is payable from NRA, calculated as on retirement at NRA but using Final Pensionable Earnings and Pensionable Service at the date of leaving, plus a cash supplement calculated as for retirement at NRA but by reference to the Lower Earnings Limit and Pensionable Service at the date of leaving. A pension of 60% of the member's deferred pension is paid on death before NRA, or if unmarried, a lump sum of five times the member's pension.
Pension increases in payment and deferment	Pensions in excess of any GMP in payment are guaranteed to be increased in line with the Retail Prices Index (RPI) up to a maximum of 3% a year, or by 80% of the increase in the RPI if higher. The Trustee has discretion to increase pensions in excess of the GMP by up to 100% of the increase in the RPI if the Company agrees. Statutory increases are awarded to GMPs in payment. The element of the overall pension increase each year that is allocated to the pension which accrued between 6 April 1997 and 5 April 2005 must be at least 5% (or the increase in the CPI, if less), and 2.5% (or the increase in the CPI if less) to the pension accrued after 5 April 2005. Increases to deferred pensions prior to coming into payment will be the same as for pensions in payment, subject to the minimum standard specified by statutory legislation.
Contributions	Members pay 7% of Pensionable Earnings less 1.5 times the Lower Earnings Limit, unless they participate in the salary sacrifice arrangement in which case they pay nil. Members may also pay additional voluntary contributions to increase their benefits. Employers make up any balance of cost of meeting the Scheme's benefits, and expenses.

Former members of the MONS Pension Scheme

Normal Retirement Age (NRA)	Age 65 for Kerr-McGee Oil members, 62 for all other members
Pensionable Salary	The highest figure produced from averaging any twelve consecutive months' basic salary in the preceding five years.
Lump sum at retirement	On retirement part of the pension may be exchanged for a lump sum according to an age- and sex-related scale.
Death after retirement	A spouse's pension equal to 50% of the pension which would have been in payment at the date of death assuming no pension was commuted or surrendered at retirement. Children's allowances are also paid. If death occurs in the five years immediately following retirement a lump sum is paid equal to the amount by which the member's pension payable until the end of the five year period would exceed the spouse's pension payable over that period.

Member's pension from NRA	A deferred pension is payable from NRA.
Death in deferment	A pension of 50% of the member's deferred pension is paid on death before NRA, plus a refund of contributions paid to the Kerr-McGee Oil UK (PLC) Pension Scheme.
Pension increases in payment and deferment	Pensions in excess of any GMP in payment are increased each year by the percentage increase in the Retail Prices Index, subject to certain limits. The maximum guaranteed level of increase in any year is 3% for pensions arising from service before 5 April 1997, 5% for pensions arising from service between 6 April 1997 and 5 April 2006 and 2.5% for pensions arising from service after 5 April 2006. Pensions arising from Kerr-McGee Oil Service prior to 5 April 1997 do not receive guaranteed increases in payment. Statutory increases are awarded to GMPs in payment. Increases to deferred pensions prior to coming into payment are based on the minimum standard specified by statutory legislation.
Special Deferred Member	A member who left pensionable service on and from 1 September 2006 to join the Maersk Pension Scheme, who completed more than two years' service within the Maersk Group of companies and who remains in service.
Employee Deferred Member	A member who was in pensionable service on 5 April 2011 when the MONS Pension Scheme closed to future accrual of service, and who remains in service.

Discretionary benefits

No future discretionary benefits or discretionary increases in benefit have been allowed for in the calculation of the technical provisions and statutory estimate of solvency, other than our understanding of established practices in benefit calculations.

Changes to the benefits

Following the sale of Maersk Oil in March 2018, the MONS Special Deferred Members and Employee Deferred Members in the Scheme became deferred pensioners and their benefits are no longer linked to increases in pensionable salary.

As mentioned earlier in the report, the Scheme has also now closed to future accrual with effect from 31 May 2021.

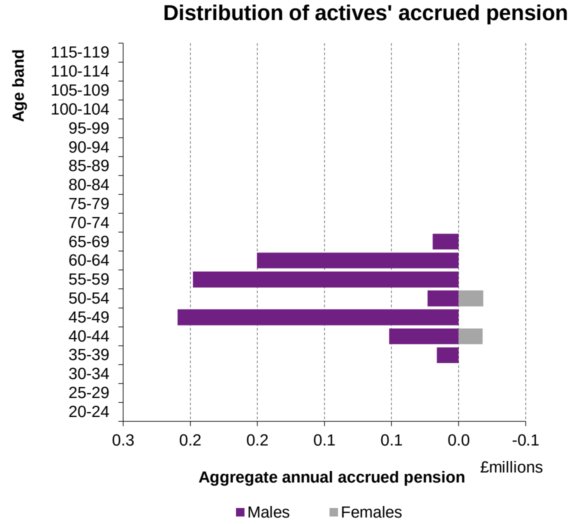
Uncertainty about the benefits

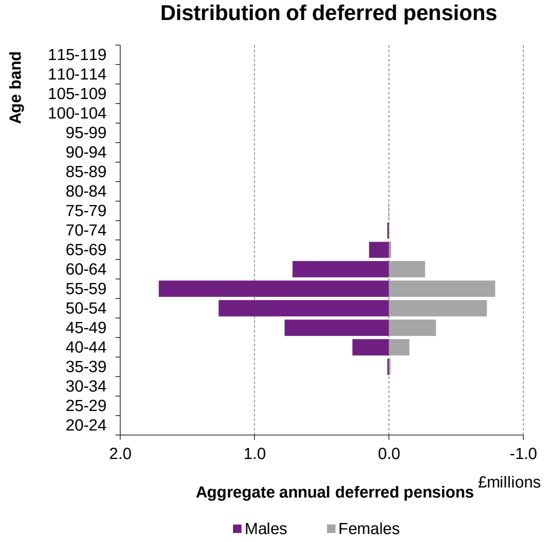
Scheme benefits have not yet been adjusted to ensure that the effect of Guaranteed Minimum Pensions does not unlawfully discriminate between male and female members, but work is ongoing to be able to effect equalisation. Benefits may also change as a result of rectifying Guaranteed Minimum Pensions. A reserve for data adjustments has therefore been included in the calculation of the technical provisions and statutory estimate of solvency to allow for, among other things, the potential additional liabilities from the rectification and equalisation of Guaranteed Minimum Pensions, and also for any additional liabilities that may arise in relation to contingent spouses' benefits.

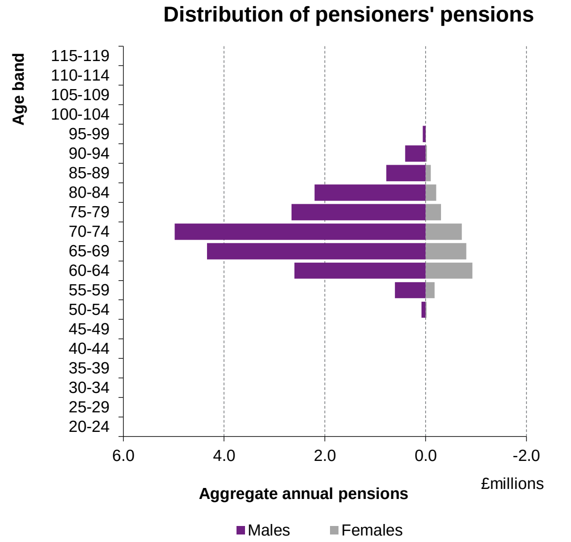
Membership data

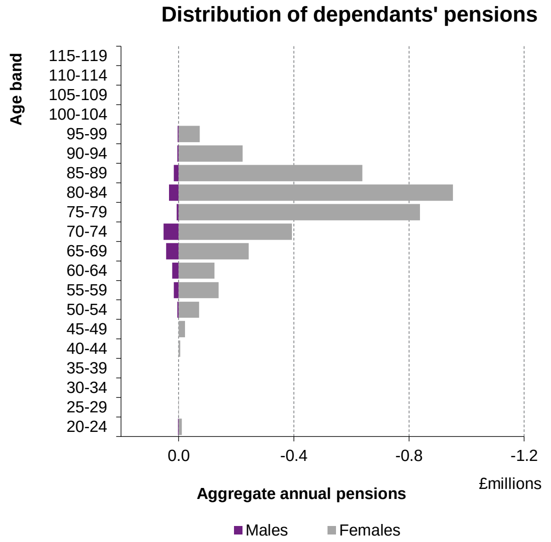
Population pyramids

A graphical summary of the Trustee's membership information supplied by the Scheme’s administrator is shown below.









Notes on data charts:

- Deferred pension amounts include revaluation to the valuation date.

A summary of the data provided for this and the previous valuation is presented below.

Number of members

Number	30 September 2019			31 March 2017		
	Males	Females	Total	Males	Females	Total
Active members	35	3	**38**	68	13	**81**
Deferred pensioners	1,114	768	**1,882**	1,274	843	**2,117**
Pensioners	1,885	669	**2,554**	1,904	639	**2,543**
Dependants	55	475	**530**	56	475	**531**
Total	**3,089**	**1,915**	**5,004**	**3,302**	**1,970**	**5,272**

Annual salary or pension

£m	30 September 2019			31 March 2017		
	Males	Females	Total	Males	Females	Total
Pensionable salaries	2.47	0.14	**2.61**	5.21	0.88	**6.09**
Deferred pensions	6.86	3.17	**10.03**	7.60	3.03	**10.63**
Pensioners' pensions	18.72	3.30	**22.02**	17.94	3.00	**20.94**
Dependants' pensions	0.21	3.74	**3.95**	0.19	3.55	**3.74**

Average age

Years	30 September 2019			31 March 2017		
	Males	Females	All	Males	Females	All
Active members	54.6	46.0	53.9	52.6	47.8	51.8
Deferred pensioners	54.4	52.9	53.8	52.9	51.1	52.2
Pensioners	71.9	70.2	71.5	70.9	69.0	70.4
Dependants	66.0	77.0	75.8	61.9	75.9	74.4

Notes on data tables:

- Pensionable salaries have not been restricted by the Earnings Cap and are shown prior to adjustment for salary averaging
- Deferred pension and pensions in payment include annual increases up to and and including 1 April 2019.
- Figures in respect of dependants include children
- Average ages are unweighted.

Summary of significant membership events

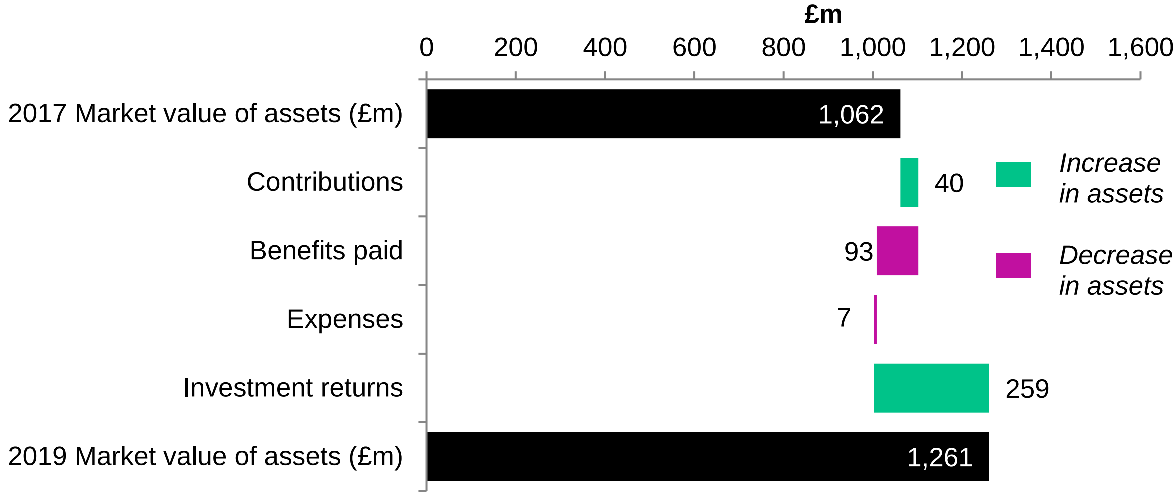
Following the sale of Maersk Oil in March 2018, the MONS Special Deferred Members and Employee Deferred Members in the Scheme became deferred pensioners and their benefits are no longer linked to increases in pensionable salary.

Asset information

Movements in the market value of assets

The audited accounts supplied as at 30 September 2019 show that the market value of the Scheme's assets was £1,260.1 million. This asset value is increased to reflect the value of annuity policies held by the Scheme in resect of some members in receipt of pension benefits – the value of these policies on the technical provision measure is £0.8 million. The total asset value of £1,260.9 includes Additional Voluntary Contributions (AVCs) which amounted to £8.1 million.

The change in the Scheme's assets (including AVCs) from £1,061.8 million as at 31 March 2017 to £1,260.9 million as at 30 September 2019 is detailed in the Trustee's Report and Financial Statements over that period. The chart below summarises a broad reconciliation of the change:



Investment strategy

The Trustee previously set out a long-term strategic asset allocation and journey management plan aimed at achieving full funding on the Scheme's liabilities (measured by reference to gilt yields) over the short to medium term. This included a liability hedging strategy designed to reduce the Scheme's exposure to changes in inflation and interest rates.

As at 30 September 2019, the funding objective had been achieved.

A summary of the Scheme's assets invested (excluding AVCs and annuity policies) as at 30 September 2019 is set out on the following page.

	Market value as at 30 September 2019		Market value as at 31 March 2017	
	£m	%	£m	%
Equities	**77.2**	**6.2**	217.0	20.6
Global Credit	**57.2**	**4.6**	104.4	9.9
Emerging Market Debt	**8.5**	**0.7**	98.2	9.3
High yield debt	**8.3**	**0.6**	75.5	7.2
Hedge Funds	**24.0**	**1.9**	79.6	7.6
Property	**-**	**-**	67.1	6.4
Small and Medium Enterprise Loans	**84.8**	**6.8**	22.4	2.1
Liability Hedging Strategy	**982.1**	**78.4**	400.7	38.1
Cash and other assets	**9.9**	**0.8**	(13.1)	(1.2)
Total	**1,252.0**	**100.0**	1,051.8	100.0

In December 2019, the Trustee further reduced the Scheme's risk profile relative to its liabilities, primarily by selling the equity portfolio and increasing the investment in the liability hedging strategy. Then, in November 2020, the Trustee secured an annuity policy for the vast majority of Scheme benefits with Legal & General, leaving just cash and the small and medium enterprise loans in the residual portfolio at the date of this report.

Statutory Certificate

Actuarial certification for the purposes of regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: **Maersk Retirement Benefit Scheme**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 30 September 2019 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 11 June 2021.

N G Mobbs
Fellow of the Institute and Faculty of Actuaries
Towers Watson Limited, a Willis Towers Watson Company
11 June 2021

Watson House
London Road
Reigate
Surrey
RH2 9PQ

Glossary

This glossary describes briefly the terminology of the regime for funding defined benefit pension schemes as introduced by the Pensions Act 2004.

Actuarial report: A report prepared by the Scheme Actuary in years when an actuarial valuation is not carried out that provides an update on developments affecting the Scheme's assets and technical provisions over the year.

Actuarial valuation: A report prepared by the Scheme Actuary that includes the results of the calculation of the technical provisions based on the assumptions specified in the Statement of Funding Principles and assesses whether the assets are sufficient to meet the statutory funding target.

Contingent asset: An arrangement separate from the assets already held by the trustees under trust (or agreed and documented in the schedule of contributions) that provides for the trustees to receive certain assets should certain pre-defined events take place.

Covenant: This represents an employer's legal obligation and its ability to provide the financial support to a scheme that may be required now and in the future. The trustees' assessment of the sponsor's covenant will inform both investment and funding decisions.

Demographic assumptions: Assumptions relating to social statistics for Scheme members, which can affect the form, level or timing of benefits members or their dependants receive. This can include levels of mortality experienced by the Scheme and the proportion of members electing to exercise benefit options.

Discount rates: Assumptions used to place a capital value at the valuation date on projected future benefit cash flows from the Scheme. The lower the discount rate the higher the resulting capital value.

Financial assumptions: Assumptions relating to future economic factors which will affect the funding position of the Scheme, such as inflation and investment returns.

Funding target/objective: An objective to have a particular level of assets relative to the accrued liabilities of the Scheme. See also statutory funding objective.

Pension Protection Fund (PPF): Provides compensation to members of an eligible occupational scheme in the event that it is wound up with insufficient assets and the employer is insolvent. The level of PPF compensation provided would not usually be at the full level of the benefits that would otherwise have been due.

Prudence: Regulations require that assumptions are chosen prudently when assessing the level of technical provisions, although they do not define this term. I have interpreted prudence to be the level of conservatism in the assumptions. Where this is interpreted quantitatively, assumptions said to be prudent would result in higher technical provisions than a "best estimate" assumption (where a "best estimate" assumption is one where there is a 50% chance that the actual outcome will be higher or lower than assumed).

The Pensions Regulator: The regulatory supervisor for occupational pension schemes with statutory objectives to protect members' benefits and the Pension Protection Fund, and statutory powers to take interventionist action.

Recovery plan: A document required where an actuarial valuation discloses that the statutory funding objective is not met (ie the assets held are less than the technical provisions). It is a formal agreement between the trustees and the employer that sets out the steps to be taken to achieve the statutory funding objective by the end of an agreed period (the "recovery period").

Schedule of contributions: A document that sets out in detail the agreed contributions payable to a scheme by members and the employers and the dates by which such contributions are to be paid. It includes, but is not limited to, contributions agreed under a recovery plan.

Scheme Actuary: The individual actuary appointed (under the Pensions Act 1995) by the trustees to perform certain statutory duties for the Scheme.

Scheme-Specific Funding Regime: A term used to refer to the legislative and regulatory rules that stem from the Pensions Act 2004 and which govern the funding of occupational defined benefit pension schemes in the UK.

Statement of Funding Principles (SFP): The SFP sets out the trustees' policy for ensuring that the statutory funding objective and any other funding objectives are met and, in particular, the assumptions for calculating the technical provisions at the effective date of the actuarial valuation. The trustees are responsible for preparing and maintaining this document, taking into account the advice of the Scheme Actuary and in many cases seeking the agreement of the employer.

Statement of Investment Principles (SIP): The SIP sets out the trustees' policy for investing the Scheme's assets. The trustees are responsible for preparing and maintaining this document, taking into account written investment advice from the appointed investment advisor and consulting the employer before any changes are made.

Statutory estimate of solvency: An estimate of the cost of discharging a scheme's liability to pay benefits through the purchase of insurance policies in respect of each member's full benefit entitlement under the Scheme (unless the actuary considers that it is not practicable to make an estimate on this basis, in which case the estimate of solvency can be prepared on a basis that the actuary considers appropriate).

Statutory funding objective: To have sufficient and appropriate assets to cover the Scheme's technical provisions.

Statutory priority order: The order in which the assets of a scheme must be applied in securing the benefits of different members in the event of it being wound up. The order is consistent with the Pension Protection Fund (PPF) because benefits covered by the PPF are the highest priority class of defined benefit liabilities.

Summary funding statement: An update sent to members following the completion of each actuarial valuation or actuarial report informing them of the assessed financial position of the Scheme.

Technical provisions: The amount of assets required to make provision for the accrued liabilities of the scheme. The technical provisions are calculated using the method and assumptions set out in the Statement of Funding Principles.

Winding-up: This is a particular method of discharging a scheme's liability to pay benefits. It typically arises where the employer no longer provides financial support to the scheme (for example if it becomes insolvent) and would usually involve using the scheme's assets to buy insurance policies that pay as much of the scheme's benefits as possible in accordance with the statutory priority order.