

# MAERSK RETIREMENT BENEFIT SCHEME ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

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## TRUSTEE AND ADVISERS

### Principal employers

#### MRBS Section

Maersk Logistics and Services UK Ltd  
12<sup>th</sup> Floor, The Plaza  
100 Old Hall Street  
Liverpool L3 9QJ

#### FW Section

Maersk Logistics and Services UK Ltd  
12<sup>th</sup> Floor, The Plaza  
100 Old Hall Street  
Liverpool L3 9QJ

### Participating employer

#### MRBS Section

Maersk Offshore (Bermuda)  
Clarendon House  
2 Church Street  
Hamilton H11  
Bermuda

### Trustee

#### Main Scheme and MRBS Section

MRBS Pension Trustee Ltd

#### FW Section

Law Debenture Trust Corporation plc

### Committees of the Trustee

#### MRBS Section

Audit Committee

### Scheme Actuary

N Mobbs  
Willis Towers Watson  
Watson House  
London Road  
Reigate RH2 9PQ

#### MRBS Section actuary

N Mobbs  
Willis Towers Watson  
Watson House  
London Road  
Reigate RH2 9PQ

#### FW Section actuary

Claire Muirhead  
Willis Towers Watson  
Watson House  
London Road  
Reigate RH2 9PQ

### Scheme Administrators

Mercer Limited  
Post Handling Centre  
Maclaren House  
Talbot Road  
Stretford  
Manchester M32 0FP

### Auditor

KPMG LLP  
One St Peter's Square  
Manchester M2 3AE

### Solicitor

#### MRBS Section

Travers Smith  
10 Snow Hill  
London EC1A 2AL

#### FW Section

Pinsent Masons LLP  
30 Crown Place  
Earl Street  
London EC2A 4ES

### Bank

The Royal Bank of Scotland plc  
62/63 Threadneedle Street  
PO Box 412  
London EC2R 8LA

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## TRUSTEE AND ADVISERS (CONTINUED)

### **Consultants**

#### MRBS Section

Willis Towers Watson  
Watson House  
London Road  
Reigate RH2 9PQ

#### FW Section

Lane Clark & Peacock LLP  
95 Wigmore Street  
London Q1U 1DQ

### **Investment Managers**

#### MRBS Section

Ares Management LLC (until 30 June 2022)  
10 New Burlington Street  
London W1S 3BE

Barings (until 30 June 2022)  
20 Old Bailey  
London EC4M 7BF

LGIM Liquidity Fund  
70 Sir John Rogerson's Quay  
Dublin 2 Ireland

#### FW Section

Mobius Life  
20 Gresham Street  
London  
EC2V 7JE

### **Insurance Policy provider**

#### MRBS Section

Legal & General Assurance Ltd  
One Coleman Street  
London EC2R 5AA

#### FW Section

Aviva Life and Pensions UK Limited  
Island Site Sierra  
Floor 2  
Surrey Street  
Norwich NR1 3NG

### **Investment Consultant**

#### MRBS Section

Willis Towers Watson  
Watson House  
London Road  
Reigate RH2 9PQ

#### FW Section

XPS Pensions Consulting Limited  
Chancery Place  
50 Brown Street  
Manchester  
M2 2JG

### **AVC providers**

#### MRBS Section

Standard Life Assurance Company  
Legal & General  
Aviva

#### FW Section

Utmost Life and Pensions Ltd

### **Secretary to the Trustee**

#### Scheme and MRBS Section

J M McGurk  
12<sup>th</sup> Floor, The Plaza  
100 Old Hall Street  
Liverpool L3 9QJ

#### FW Section

Lane Clark & Peacock LLP  
95 Wigmore Street  
London Q1U 1DQ

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## TRUSTEE'S REPORT

The Trustee of the Maersk Retirement Benefit Scheme (the Scheme) is pleased to present the Trustee's Report and audited financial statements for the year to 31 March 2023.

The report sets out how the Scheme is run, how the assets are invested, and the financial activity of the Scheme in the year to 31 March 2023.

The Scheme is a defined benefit occupational pension scheme established solely for the benefit of its members and other beneficiaries. It was contracted out of the State Second Pension until April 2016 and is approved by the Inland Revenue as an exempt approved scheme under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. From the 6 April 2006 it is a Registered Scheme under the Finance Act 2004. The assets of the Scheme are held by the Trustee and they are entirely separate from the Principal Employers.

### Changes to the Scheme

MRBS merged with the Furness Withy Pension Scheme, which is a defined benefit scheme sponsored by Maersk Logistics and Services UK Limited, on 17 February 2023. The resulting structure of the merged Scheme is sectionalised with two separate sections, the MRBS Section and the Furness Withy ("FW") Section. Each section's assets and liabilities remain ring-fenced with the Principal Employer, the section trustees, and other advisers unchanged for each section. Assets and liabilities from the Furness Withy Pension Scheme ("FWPS"), together with £20m from MRBS were transferred to the FW Section. As part of the merger agreement Maersk Line UK Limited agreed with the MRBS trustee to the winding up of the MRBS Section of the Scheme which commenced on 19 February 2023. This was the start of the process to secure MRBS Section benefits in full with Legal & General.

Under the terms of the merger deed, Maersk RBS Pension Trustee Ltd. will be the Trustee of the Scheme (Scheme Trustee/Trustee). However, the governance of the sections has been split between sectional 'trustees'; Maersk RBS Pension Trustee Ltd will be the MRBS Section trustee and the FW Section trustee will be Law Debenture Pension Trust Corporation plc (Law Debenture). Together these are referred to as the Section trustees.

### Appointment and Removal of Trustee/Management of the Scheme

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 Ltd.

The Trustee of the Scheme is Maersk RBS Pension Trustee Ltd.

Legislation requires trustees to ensure that their schemes have at least one third member nominated trustees, or in the case of a corporate trustee such as Maersk RBS Pension Trustee Ltd, one third member nominated directors.

The following served as Trustee directors during the Scheme year:

N Pusey	Chairman
A J Mason	Employer Appointed
C Allen	Member Nominated
S Davy	Member Nominated
Zedra	Employer Appointed Independent (appointed 1 October 2022)
Clear Pension Solutions Ltd	Employer Appointed Independent (resigned 30 September 2022)
Pension Lawyer Trustee Ltd (formerly Pensions Legacy Trustees Ltd)	Employer Appointed Independent

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## TRUSTEE'S REPORT (CONTINUED)

### Administration

The administration of the Scheme is carried out by Mercer Limited.

### Transfer Values

The transfer payments paid during the year were calculated in accordance with the regulations under the Pensions Schemes Act 1993 and the Pensions Act 1995 as appropriate and include allowance for discretionary pension in payment increases. Transfer payments represented the full "cash equivalent" value of the accrued benefits.

### Financial development of the Scheme

The financial statements of the Scheme for the year ended 31 March 2023 as set out on pages 19 to 31 have been prepared and audited in accordance with Sections 41 (1) and (6) of the Pensions Act 1995.

The net assets of the Scheme were £841.4m as at 31 March 2023 (2022: £1,039.4m). Further details of the financial developments of the Scheme may be found in the audited financial statements on pages 19 to 31.

### Internal Dispute Resolution (IDR) Procedure

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

### Investment policies

The Trustee recognises the consideration of financially material factors, including environmental, social and governance (ESG) factors is relevant to achieving its objective. It has delegated day to day responsibility for the management of the MRBS Section assets to Willis Towers Watson and FW Section to XPS as the Investment Advisers. The Investment Advisers manage the underlying Investment Managers including the selection and deselection, setting of overall objectives, benchmarks and performance targets consistent with the Scheme's overall investment objectives. In managing the day to day investments, the Investment Advisers are required to integrate consideration of ESG risks in its investment making process.

The Trustee understands that stewardship can enhance value over the long term and requires the Investment Advisers to ensure that the stewardship policy is appropriately followed and implemented, including ensuring that the underlying external investment managers exercise, on the Trustee's behalf, rights and duties as an investor.

The Trustee recognises that the arrangements with all the Scheme's investment managers are important to ensure that interests are aligned and the Scheme's investment objectives and policies are achieved as far as reasonably practicable.

Responsibility for all day-to-day investment decisions is delegated to the Investment Managers. The Trustee retains direct responsibility for other investment matters which include:

- Determining and reviewing the Scheme's investment objectives from time to time
- Reviewing the investment strategy from time to time and by reference to the investment objectives
- Monitoring the performance of the Investment Managers
- Appointing and dismissing Investment Managers
- Setting objectives for the Investment Consultant and monitoring performance relative to those objectives on an annual basis.

The Trustee does not hold assets which require the exercising of rights.

In accordance with s35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been prepared by the Trustee for each section which incorporates the investment strategy. The FW Section SIP was completed in May 2023. A copy of the Statement for each section is available on request. The Implementation Statement has been updated, to be consistent with the SIPs.

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## TRUSTEE'S REPORT (CONTINUED)

### Implementation statement

The Implementation Statement forms part of the Trustee's report and is set out on pages 34 to 41.

### Employer Investments

There were no employer related investments above 5% of the net assets of the Scheme either directly or indirectly.

### Basis of Preparation of Financial Statements

The financial statements have been prepared and audited in accordance with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and in accordance with Section 41(1) and (6) of the Pensions Act 1995.

### Membership

Details of the membership of the Scheme as at 31 March 2023 are given below:

	2023 MRBS Section	2023 FW Section	2023 Total	2022 MRBS Section only
<b>PENSIONERS</b>				
Opening balance	3,060	-	3,060	3,059
Adjustments to pensioners*	35	-	35	(10)
Transferred in from FWPS	-	113	113	-
Members retiring during the year	64	-	64	79
Deaths	(109)	-	(109)	(101)
New beneficiaries	37	-	37	33
Full commutation	(5)	-	(5)	-
Pension ceased	(1)	-	(1)	-
<b>PENSIONERS AT THE END OF THE YEAR</b>	<b>3,081</b>	<b>113</b>	<b>3,194</b>	<b>3,060</b>
<b>MEMBERS WITH PRESERVED AND DEFERRED BENEFITS</b>				
Opening balance	1,648	-	1,648	1,746
Adjustments to members with deferred benefits*	(14)	-	(14)	(23)
Transferred in from FWPS	-	80	80	-
Leavers during the year with preserved benefits	-	-	-	26
Retirements	(61)	-	(61)	(80)
Transfers out	(5)	-	(5)	(14)
Commutation	-	-	-	(3)
Deaths	-	-	-	(4)
<b>MEMBERS WITH PRESERVED AND DEFERRED BENEFITS AT THE END OF THE YEAR</b>	<b>1,568</b>	<b>80</b>	<b>1,648</b>	<b>1,648</b>
<b>TOTAL MEMBERSHIP</b>	<b>4,649</b>	<b>193</b>	<b>4,842</b>	<b>4,708</b>

Pensioners in both sections include individuals receiving a pension upon the death of their spouse and 25 (2022: 11) pensioners receiving their pensions from legacy annuity policies.

\*Adjustments relate to movements from a previous period where the status has been updated in the current period.

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## TRUSTEE'S REPORT (CONTINUED)

The following information relates specifically to each Section of the Scheme.

### **MRBS Section**

#### **Contributions**

Following the announcement of the closure of the Section to future accrual with effect from 31 May 2021, normal contributions are no longer required. Both employee and employer contributions were nil with effect from 1 June 2021. From 1 June 2021 the Employer of the MRBS Section also ceased its monthly contribution towards administrative expenses.

The Employer of the Section will be required to make special contributions to the Section in respect of benefit augmentations and the cost of any compulsory early retirements, or as required by the Trustee in accordance with the Trust Deed and Rules or for any other reason.

#### **Pension Increases**

For former PONL members pensions in payment are due to increase on 1 April each year. Members who retire part way through the year receive a proportionate increase. The Scheme Rules of the MRBS Section, which were amended following the merger with the Maersk Oil Scheme on 31 March 2013, provide for an increase each year which is the greater of:

- 3% or if less the percentage increase in the Retail Price Index over the 12 months to the preceding 30 September ('the review period'); and
- 80% of the rise in the Retail Price Index over the review period.

The MRBS Section trustee may, after consulting the actuary and with the agreement of the Employer of the MRBS Section, decide on a larger increase.

The increase in RPI over the review period to 30 September 2022 was 12.6%. In accordance with the Rules an increase of 12.6% was awarded as at 1 April 2023. 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 or partly by the Scheme) for those over state pension age. The increase is also applied to the deferred pensions of former members who have left service but not yet started to draw their pension.

In recent years, with the exception of 2018, 2019 and 2022, the pension increases granted have matched RPI over the review period.

<b>Scheme Year to 31 March</b>	<b>RPI Over Review period %</b>	<b>Pension Increases on 1 April %</b>
2017	2.0	2.0
2018	3.9	3.1
2019	3.3	3.0
2020	2.4	2.4
2021	1.1	1.1
2022	4.9	3.9
2023	12.6	12.6

The pension increase granted to former MONS members each April is based on the increase in RPI over the 12 months to the previous 31 December as follows:



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## TRUSTEE'S REPORT (CONTINUED)

### **MRBS Section (continued)**

#### **Pension Increases (continued)**

Any pension which is:

- Attributable to Scheme Service prior to April 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

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

<b>Scheme Year to 31 December</b>	<b>RPI Over Review period %</b>
2015	0.8
2016	2.5
2017	4.1
2018	2.7
2019	2.2
2020	1.2
2021	1.1
2022	13.4

Following the merger and the subsequent triggering of the windup of the MRBS Section of the Scheme in February 2023, the MRBS Section trustee agreed a one-off enhanced pension increase to apply to former MONS pensioner members' scale pensions from April 2023. The enhanced increase to apply as at 6 April 2023 is 80% of the increase in RPI over the period 1 October 2021 to 30 September 2022. This is an increase of 10.1% on all elements of the scale entitlement regardless of the service period to which they relate, excluding any Guaranteed Minimum Pension (GMP). Any pension secured through the Scheme by making AVCs is not subject to the enhanced increase and is subject to standard pension increase provisions.

#### **Additional Voluntary Contributions (AVCs)**

In April 2016, all the non With Profits AVC policies were transferred into one single policy with Legal & General.

During 2019 the twelve Equitable Life With Profits AVC policies had their guarantees bought out under the Equitable Life Exchange Scheme approved by the High Court and were transferred to Utmost. These AVC accounts were subsequently transferred to the group arrangement with Legal and General on 30 April 2020.

From 6 April 2006 the MRBS Section trustee no longer has to provide a facility enabling members to pay AVC contributions and so this facility is closed to new members. Those members who were contributing were able to continue paying AVC's until the closure of the Scheme to future accrual on 31 May 2021.

#### **Actuarial Valuation**

The latest valuation was carried out as at 30 September 2019. The results are shown in the Report on Actuarial Liabilities for the MRBS Section, forming part of the Trustee's Report, on page 32.

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## TRUSTEE'S REPORT (CONTINUED)

### MRBS Section (continued)

#### Investment Report for Section

##### Management of the Investments

The MRBS Section trustee recognises that the arrangements with all of the managers of the Section's assets are important to ensure that interests are aligned and the Section's investment objectives and policies are achieved as far as is reasonably practicable. In particular, the trustee seeks to ensure that the investment managers are incentivised to act in a way which generates the best long-term results for the Section.

The MRBS Section trustee agrees to share the SIP with the investment managers and request that the investment managers review the SIP and confirm that the investment arrangements implemented by the investment managers are aligned with the MRBS Section trustee's policies.

##### Investment Strategy

The formal actuarial valuation of the MRBS Section of the Scheme was brought forward to 30 September 2019 as the trustee's ongoing monitoring of the Scheme's funding level indicated the journey plan objective of reaching self-sufficiency had been met. The formal valuation confirmed assets of £1,260.9m compared with liabilities of £1,119.0m giving a surplus of £141.9m. In light of the strong funding position the trustee agreed with the Employer of the MRBS Section to immediately reduce investment risk further by moving out of return seeking assets and exploring the insurance market for liability cover.

A number of insurance providers were invited to tender. Following three rounds of competitive tendering the trustee entered into formal negotiations with Legal & General and were able to secure a buy in contract in November 2020, under which Legal & General assumed responsibility for the ongoing payment of all member benefits currently in payment and all future benefit payments as they arise. As part of the buy in arrangement Scheme assets of £1,104m were transferred to L&G.

With such a considerable change to the investment strategy the trustee considered that there was no longer any need for the fiduciary management arrangement with BlackRock. Willis Towers Watson were subsequently appointed as investment adviser to the trustee, on the 5 March 2021, to assist with the management of the residual assets of £109m. These changes were completed in early April 2021.

The residual assets will be used to complete the data cleansing project, including the GMP rectification and to fund any top up premium required by L&G in connection with the buy in policy.

Following the completion of the buy in arrangement with L&G the Employer of the MRBS Section entered into formal consultation with the active members regarding closure of the Scheme to future pension accrual. Consultation covered a period of 60 days ending on 3 May 2021. No significant issues were raised during the consultation and consequently the Employer of the MRBS Section decided to proceed with closure of the Scheme to future pension accrual effective from 31 May 2021.

A summary of the performance of the investments as at 31 March 2023 is shown below:

31 March 2023	Value (GBP)	Asset Allocation	Strategic Benchmark	12 Months Return Scheme	12 Months Return Benchmark	3 Year Returns Scheme	3 Year Returns Benchmark
		%	%	%	%	%	%
Total Portfolio	91,333,014	100.0	100.0	-	-	-	-
Legal & General Liquidity *	91,333,014	100.0	-	2.04	2.24	n/a	n/a

\* The liquidity fund has only been held for 2 years.

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## TRUSTEE'S REPORT (CONTINUED)

### **FW Section**

#### **Contributions**

Upon the merger with the MRBS contributions are payable in accordance with the trust deed and rules and recommendations of the FW Section actuary. At the merger date the Section was in surplus and therefore no further contributions will be payable into the Section and all expenses will be met from the Section.

#### **Pension Increases**

The Guaranteed Minimum Pension ("GMP") element of Scheme pensions in payment and deferred pensions is increased annually in accordance with legislation and the Scheme Rules of the FW Section.

Pensions in payment and deferred pensions in excess of the GMP that relate to service up to 31 March 2001 are increased annually fully in line with the rise in Retail Price Index ("RPI") (or equivalent) up to a maximum of 5% or at 85% of the rise on RPI if greater in accordance with the Scheme Rules of the FW Section.

The FW Section trustee aims to provide the same level of annual increase for service up to 30 June 2007, subject to the receipt of advice from its actuary.

Increases in pension in payment in respect of service after 30 June 2007 are capped at 2.5% per annum or RPI if less.

Increases in pension granted within the last four years have been as follows:

	Service Accrued to 30 June 2007	Service Accrued from 1 July 2007
1 April 2020	2.2%	2.2%
1 April 2021	1.2%	1.2%
1 April 2022	6.4%	2.5%

#### **Additional Voluntary Contributions (AVCs)**

Some members have accrued benefits with Utmost Life and Pensions Services Limited. No further additional voluntary contributions can be paid after the Scheme closed to future accrual. Members with AVC benefits can choose from a wide choice of investments or invest in a default fund. The trustee periodically reviews the default to make sure it is relevant and provides value for members.

#### **Actuarial Valuation**

At the time of signing a valuation has not been carried out for the FW Section of the Scheme. The valuation for the Section will be carried out as at 30 September 2023 and must be agreed and completed within 15 months of this date.



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## TRUSTEE'S REPORT (CONTINUED)

### FW Section (continued)

#### Investment Report for the Section

##### Management of the Investments

Appointments of Investment Managers are expected to be long-term, but the FW Section trustee will review the appointment of the investment managers in accordance with their responsibilities. Such reviews will include analysis of each investment manager's performance and processes and an assessment of the diversification of the assets held by the investment manager. The review will include consideration of the continued appropriateness of the mandate given to the investment manager within the framework of the trustee's investment policies.

The FW Section trustee receives quarterly performance monitoring reports from the investment consultant which consider performance over the quarter, one and three year periods. In addition, any significant changes relating to the criteria below that the investment consultant is aware of will be highlighted, which may lead to a change in the investment consultant's rating for a particular mandate. These ratings help to determine an investment manager's ongoing role in implementing the investment strategy. If there are concerns, the trustee may carry out a more in-depth review of a particular investment manager. Investment managers will also attend trustee meetings as requested.

The investment consultant has also carried out a review of how well the FW Section trustee's guidelines in relation to ESG factors are incorporated into each investment manager's processes and the trustee will re-assess progress on ESG issues periodically.

##### Performance Summary

The FW Section's assets as at 31 March 2023 were all held on the Mobius Life investment platform.

The performance statistics that follow refer to assets held as at 31 March 2023.

Performance Summary		1 year
		Fund
LGIM Dynamic Diversified Fund	Gross	-2.5%
Ruffer Absolute Return Fund	Gross	2.2%
Insight Partially Funded 2031-2040 Gilts	Gross	-90.0%
Insight Partially Funded 2041-2050 Gilts	Gross	-91.4%
Insight Partially Funded 2051-2060 Gilts	Gross	-89.6%
Insight Partially Funded 2061-2070 Gilts	Gross	-87.4%
Insight Partially Funded 2021-2030 Index Linked Gilts	Gross	-77.7%
Insight Partially Funded 2031-2040 Index Linked Gilts	Gross	-97.8%
Insight Partially Funded 2041-2050 Index Linked Gilts	Gross	-95.6%
Insight Partially Funded 2051-2060 Index Linked Gilts	Gross	-91.9%
Insight Partially Funded 2061-2070 Index Linked Gilts	Gross	-89.8%

Source: Investment managers

Note: The above performance is indicative performance from the manager and does not reflect actual client return (given the revised investment strategy has been in place for less than three years).

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## TRUSTEE'S REPORT (CONTINUED)

The following additional information applies to the Scheme as a whole.

### Further Information

Members are entitled to inspect copies of documents giving information about the Scheme. In some circumstances copies of documents can be provided, but a charge may be made for copies of the trust documents (Deed and Rules) and of the Actuary's report.

Any member with a complaint against the Scheme or a query about their pension entitlement which they consider has not been satisfactorily addressed can use the "Internal Disputes Resolution Procedure" or, alternatively, they can obtain free advice through The Pensions Ombudsman (TPO) who can be reached at 10 South Colonnade, Canary Wharf, London E14 4PU. [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk).

Any member who has a general request for information or guidance concerning pension arrangements can contact MoneyHelper or the Money & Pensions Service (MaPS) at 120 Holborn London EC1 2TD.

Any query about the Scheme, including requests from individuals for information about their benefits, should be addressed to:

The Trustee of the Maersk Retirement Benefit Scheme care of:

Mercer Limited, Post Handling Centre, Maclaren House, Talbot Road, Stretford, Manchester M32 0FP

The email address for enquiries is [MaerskRBS@Mercer.com](mailto:MaerskRBS@Mercer.com) or [www.contact.mercer.com](http://www.contact.mercer.com)

This report, including the Report on Actuarial Liabilities and the Implementation Statement, was approved by the Trustee on ~~28/9/23~~ <sup>on 6 October 2023</sup> and signed on its behalf by:

.....  
Director

Director

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## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

(i) 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 the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice Financial Reports of Pension Schemes.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intend to wind up the Scheme, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is fair and impartial.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have 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.

The Trustee is responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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## SUMMARY OF CONTRIBUTIONS

### Statement of Trustee's Responsibilities in respect of Contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the 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 Scheme's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Scheme and for procuring that contributions are made to the Scheme in accordance with the Schedule.

The Furness Withy Section does not currently have a Schedule of Contributions. In the absence of a Schedule, the Scheme's Trustee is responsible for keeping records of contributions received in respect of any member of the Fund, and for monitoring that contributions are made to the Scheme in accordance with the Scheme rules.

### Trustee's Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 March 2023.

This Summary of Contributions has been prepared by, and is the responsibility of, the Trustee. It sets out the Employer and member contributions payable to the Scheme under the Schedule of Contributions certified by the actuary on 11 June 2021 for the MRBS Section and under the Scheme rules and recommendations of the Scheme Actuary for the FW Section in respect of the Scheme year ended 31 March 2023. The Scheme Auditor reports on contributions payable under the Schedule and Scheme rules and recommendation of the Actuary in the Auditor's Statement about Contributions. The Furness Withy Section does not currently have a Schedule of Contributions.

<b>Contributions payable under the Schedule and Scheme rules and recommendation of the Actuary in respect of the Scheme year</b>	<b>Total</b>
	<b>£000</b>
MRBS Section:	Nil
FW Section:	Nil
<b>Total contributions payable under the Schedule and Scheme rules and recommendation of the Actuary (as reported on by the Scheme auditor) and as reported in the financial statements</b>	<b>Nil</b>

Signed on behalf of the Trustee on 6<sup>th</sup> October 2023

.....  
Director

Director

# INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE MAERSK RETIREMENT BENEFIT SCHEME

## **Statement about contributions**

We have examined the summary of contributions payable under the schedule of contributions and Scheme rules and Actuarial recommendations to the Maersk Retirement Benefit Scheme in respect of the scheme year ended 31 March 2023 which is set out on page 14.

## **MRBS Section**

In our opinion contributions for the Scheme year ended 31 March 2023 for the MRBS Section as reported in the Summary of Contributions and payable under the Schedule of Contributions have, in all material respects, been paid for the year ended 31 March 2023 at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 11 June 2021.

## **FW Section**

In our opinion contributions for the Scheme year ended 31 March 2023 for the FW Section as reported in the Summary of Contributions and payable under the Scheme rules and recommendation of the Actuary have, for the period from 17 February 2023 to 31 March 2023, been paid at least in accordance with the Scheme rules and recommendation of the Actuary.

## **Scope of work on statement about contributions**

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions for the MRBS Section, have in all material respects been paid at least in accordance with the Schedule of Contributions and, for the FW Section, have been paid in accordance with the Scheme rules and recommendation of the Actuary. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions and Scheme rules and recommendation of the Actuary, for the respective sections

## **Respective responsibilities of Trustee and auditor**

As explained more fully in the Statement of Trustee's Responsibilities set out on page 14, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised Schedules of Contributions showing the rates and due dates of certain contributions payable towards each section of the Scheme by or on behalf of the employer and the active members of each section 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 Schedule of Contributions or, in the absence of a Schedule of Contributions, in accordance with the Scheme rules and recommendation of the Actuary.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and Scheme rules and recommendation of the Actuary to the Scheme and to report our opinion to you.

## **The purpose of our work and to whom we owe our responsibilities**

This statement is made solely to the Scheme's Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement about contributions 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's Trustee for our work, for this statement, or for the opinions we have formed.

## **Julie Radcliffe**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

One St Peter's Square

Manchester M2 3AE

Date: 10 October 2023



# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE MAERSK RETIREMENT BENEFIT SCHEME

## Opinion

We have audited the financial statements of Maersk Retirement Benefit Scheme ("the Scheme") for the year ended 31 March 2023 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies, as set out in pages 19 to 31

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 March 2023 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee and inspection of policy documentation, including the conflicts of interest register, as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE MAERSK RETIREMENT BENEFIT SCHEME (CONTINUED)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or their delegates including the scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of unlisted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual entries to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the schedule of contributions and scheme rules and actuarial recommendations in our statement about contributions on page 14 of the annual report.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE MAERSK RETIREMENT BENEFIT SCHEME (CONTINUED)

and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Other information**

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities, the summary of contributions and the implementation statement), and the actuarial certification of the schedule of contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

## **Trustee's responsibilities**

As explained more fully in their statement set out on page 13 the Scheme Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to wind up the Scheme, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Scheme Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

**Julie Radcliffe**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

One St Peter's Square

Manchester M2 3AE

Date: 10 October 2023

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

		MRBS Section	FW Section	Total	Total
	Note	2023 £000	2023 £000	2023 £000	2022 £000
<b>CONTRIBUTIONS AND BENEFITS</b>					
Contributions					
Employer	4	-	-	-	260
Employee	4	-	-	-	11
Other income	5	1	-	1	-
Transferred in	6	-	48,020	48,020	-
		<b>1</b>	<b>48,020</b>	<b>48,021</b>	<b>271</b>
Benefits					
Payments to and on account of leavers	8	(930)	-	(930)	(4,894)
Administrative expenses	9	(2,425)	(45)	(2,470)	(3,314)
		<b>(32,847)</b>	<b>(406)</b>	<b>(33,253)</b>	<b>(39,325)</b>
<b>NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS</b>		<b>(32,846)</b>	<b>47,614</b>	<b>14,768</b>	<b>(39,054)</b>
<b>INVESTMENT RETURNS</b>					
Investment income	10	32,530	278	32,808	39,104
Investment management expenses	11	(20)	-	(20)	85
Change in market value of investments	12	(246,882)	1,300	(245,582)	(118,335)
<b>NET RETURNS ON INVESTMENTS</b>		<b>(214,372)</b>	<b>1,578</b>	<b>(212,794)</b>	<b>(79,146)</b>
<b>NET (DECREASE)/INCREASE IN THE FUND DURING THE YEAR</b>		<b>(247,218)</b>	<b>49,192</b>	<b>(198,026)</b>	<b>(118,200)</b>
<b>TRANSFERS BETWEEN SECTIONS</b>		<b>(20,000)</b>	<b>20,000</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS OF THE SCHEME AT 1 APRIL</b>		<b>1,039,400</b>	<b>-</b>	<b>1,039,400</b>	<b>1,157,600</b>
<b>NET ASSETS OF THE SCHEME AT 31 MARCH</b>		<b>772,182</b>	<b>69,192</b>	<b>841,374</b>	<b>1,039,400</b>

The notes on pages 21 to 31 form an integral part of these financial statements.

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 31 MARCH 2023

		MRBS Section	FW Section	Total	Total
	Note	2023	2023	2023	2022
		£000	£000	£000	£000
<b>INVESTMENT ASSETS</b>					
Pooled investment vehicles	12	91,333	42,779	134,112	111,951
Insurance policy	12	672,000	26,287	698,287	914,000
AVC Investments	12	7,962	45	8,007	8,745
Cash and accrued income	12	-	-	-	496
Other investment assets		-	-	-	-
<b>TOTAL INVESTMENTS</b>		<b>771,295</b>	<b>69,111</b>	<b>840,406</b>	<b>1,035,192</b>
<b>CURRENT ASSETS</b>	14	<b>4,051</b>	<b>126</b>	<b>4,177</b>	<b>7,548</b>
<b>CURRENT LIABILITIES</b>	15	<b>(3,164)</b>	<b>(45)</b>	<b>(3,209)</b>	<b>(3,340)</b>
<b>TOTAL NET ASSETS AT 31 MARCH</b>		<b>772,182</b>	<b>69,192</b>	<b>841,374</b>	<b>1,039,400</b>

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 pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on page 32 and these Financial Statements should be read in conjunction with that Report.

The notes on pages 21 to 31 form an integral part of these financial statements.

6<sup>th</sup> October 2023

These financial statements were approved by the Trustee on 28<sup>th</sup> September 2023 and were signed on its behalf by:

.....

Director

Director

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

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## NOTES TO THE FINANCIAL STATEMENTS

### 1 BASIS OF PREPARATION

The 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 - the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council, and with the guidelines set out in the Statement of Recommended Practice, "Financial Reports of Pension Scheme" (the revised SORP) (revised July 2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Scheme has adequate resources to meet its obligations as they fall due for at least the next twelve months from the approval of these financial statements.

In reaching this conclusion, the Trustee considered the impact of market conditions which may impact the Scheme and the Scheme's Principal Employers. The employers have engaged strategies to conserve cash and continues to support the Scheme. At this point there is no requirement for deficit recovery contributions as the result of the latest valuation of the MRBS Section, carried out as at 30 September 2019, revealed that the Section was well funded on the Technical Provisions basis at 114% and the latest valuation of the former Furness Withy Pension Scheme, carried out as at 31 March 2021, revealed that the Scheme had a funding level of 96%, however the addition of £20m paid by the MRBS Section to the newly merged FW Section on 17 February 2023 has removed this deficit. The Principal Employers remains comfortably compliant with their covenants to the Scheme, and the Trustee has a funding Guarantee from A P Moller Maersk A/S. Furthermore, the MRBS Section of the Scheme has entered into a buy in contract with Legal & General to cover all of the section's liabilities currently in payment and coming into payment in the future. At 31 March 2023 the impact on the Scheme funding level is estimated to be minimal and the Scheme continues to be well funded.

This assessment, together with income and capital growth from its assets, gives the Trustee confidence to prepare the financial statements on a going concern basis.

### 2 IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries about the Scheme is included in the Trustee's Report.

### 3 ACCOUNTING POLICIES

The following principal accounting policies have been adopted in the preparation of the financial statements.

#### 3.1 Accruals concept

The financial statements have been prepared on an accruals basis with the exception of individual transfers which are recognised when received or paid.

#### 3.2 Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Foreign currency transactions are translated into sterling at the rate prevailing on the date of the transaction.

The market value of investments and other assets held and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Differences arising on the translation of investments are included in changes in market value.



### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### **3.3 Benefits**

Benefits are accounted for in the period in which they fall due.

Where a member has a choice about the form of their benefit, the benefit is accounted for when the member notifies the Trustee of what form of benefit they will take. Where a member has no choice about the form of benefit, the benefit is accounted for in the period of when the liability arises.

#### **3.4 Transfers from and to other schemes**

Transfer values are included in the financial statements when paid. They do not take account of members who have notified the Scheme of their intention to transfer.

Individual transfer values to other pension arrangements represent the amounts paid during the year for members who left the Scheme and are accounted for when a member exercises their option to transfer their benefit.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

#### **3.5 Valuation of investments**

Investments are valued at fair value as shown below.

Pooled investment vehicles are stated at bid price for funds with bid / offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager.

The Buy-in annuity policies are valued by Legal & General and Aviva on an annual basis. The fair value of the Buy-in policies are deemed to be the present value of the related obligations based on the insurer's pricing basis at 31 March 2023, which in turn is based on the Actuarial Valuations at September 2019 for the MRBS Section and for FW Section, the Furness Withy Pension Scheme actuarial valuation as at 31 March 2021, and the movements in the membership in the ensuing period to the year end.

There are also certain legacy annuity policies held with Legal & General, Canada Life, Sun Alliance and Prudential in the name of the trustee of the MRBS Section of the Scheme. The Trustee has discussed these annuity policies with their advisers and has concluded that the value of these will not need to be included in the financial statements, as it is immaterial to the Scheme.

#### **3.6 Investment income**

Investment income is recognised as follows:

Income from cash deposits is accrued on a daily basis.

Investment Income arising from the pooled investment vehicles is recognised when received in the trustee bank accounts.

Receipts from annuity policies held by the trustees to fund benefits payable to the Scheme members are included within the investment income on an accruals basis.

#### **3.7 Expenses**

Administrative expenses, insurance premiums and investment expenses are accounted for on an accruals basis.

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4 CONTRIBUTIONS

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
<b>Employer's Contributions</b>				
Normal contributions	-	-	-	140
Additional contributions	-	-	-	120
	-	-	-	260
<b>Members' Contributions</b>				
Normal contributions	-	-	-	11
	-	-	-	271

From 1 June 2021 the MRBS Section of the Scheme was closed to future accrual., after which no further member related contributions were due or received. At the same time, the contribution from the Employer of the MRBS Section towards operational expenses also ceased. The FW Section of the Scheme is also closed to future accrual and no further member contributions are due.

### 5 OTHER INCOME

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Pension sharing order fees received	1	-	1	-

### 6 GROUP TRANSFER IN

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
<u>FW Section</u>				
Investments	-	21,488	21,488	-
Annuity policy	-	25,854	25,854	-
AVCs	-	45	45	-
Cash in transit	-	424	424	-
Cash	-	209	209	-
	-	48,020	48,020	-

### 7 BENEFITS

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Pension payments	27,792	361	28,153	26,952
Commutations and lump sum retirement benefits	1,664	-	1,664	3,758
Lump sums on death	19	-	19	151
Taxation	17	-	17	256
	29,492	361	29,853	31,117

Taxation may arise on benefits paid or payable in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.



# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Individual transfers out to other schemes	930	-	930	4,894

### 9 ADMINISTRATIVE EXPENSES

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Administration and processing	476	-	476	634
Actuarial and Investment advice fees	1,398	-	1,398	2,239
Audit fee	36	24	60	50
Legal fees and other professional fees	373	-	373	230
Trustee fees and expenses	124	21	145	135
Printing and communication	18	-	18	26
	<u>2,425</u>	<u>45</u>	<u>2,470</u>	<u>3,314</u>

Administrative fees are higher in the previous year due to the additional work required for the Buy-in arrangement and the GMP equalisation project in the MRBS Section. Following the merger, all fees for the FW Section are payable from that Section.

### 10 INVESTMENT INCOME

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Income from managed funds	2,601	-	2,601	2,865
Annuity income	29,927	278	30,205	36,238
Interest	2	-	2	-
Foreign currency loss	-	-	-	1
	<u>32,530</u>	<u>278</u>	<u>32,808</u>	<u>39,104</u>

### 11 INVESTMENT MANAGEMENT EXPENSES

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Administration, management & custody	20	-	20	205
Custodian fees	-	-	-	1
VAT reclaimed on fees*	-	-	-	(291)
	<u>20</u>	<u>-</u>	<u>20</u>	<u>(85)</u>

\* This relates to VAT previously charged on Investment Management fees for the MRBS Section which were deducted at gross value from the Scheme holdings. The VAT was reclaimed by the Principal Employer of the MRBS Section during the prior year and passed back to the Scheme.

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 INVESTMENTS

#### 12.1 RECONCILIATION OF INVESTMENTS

Reconciliation of investments held at beginning and end of year:

##### MRBS Section

	Value at 01 April 2022	Purchases at Cost and Derivative payments	Sales Proceeds and Derivative receipts	Change in market value	Value at 31 March 2023
	£000	£000	£000	£000	£000
Pooled investment vehicles	111,951	65,324	(81,355)	(4,587)	91,333
Insurance policy	914,000	-	-	(242,000)	672,000
AVC investments	8,745	3	(491)	(295)	7,962
	<u>1,034,696</u>	<u>65,327</u>	<u>(81,846)</u>	<u>(246,882)</u>	<u>771,295</u>
Other investment balances	496				-
	<u>1,035,192</u>				<u>771,295</u>

##### FW Section

	Transferred in 17 February 2023	Purchases at Cost and Derivative payments	Sales Proceeds and Derivative receipts	Change in market value	Value at 31 March 2023
	£000	£000	£000	£000	£000
Pooled investment vehicles	21,488	20,424	-	867	42,779
Insurance policy	25,854	-	-	433	26,287
AVC investments	45	-	-	-	45
	<u>47,387</u>	<u>20,424</u>	<u>-</u>	<u>1,300</u>	<u>69,111</u>
Cash in transit	424				-
	<u>47,811</u>				<u>69,111</u>

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

#### 12.2 CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Scheme's net assets at the year end.

	2023	2023	2022	2022
	£000	%	£000	%
Legal & General Buy-in policy	672,000	87.0	914,000	87.9

#### 12.3 TRANSACTION COSTS

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

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12.4 POOLED INVESTMENT VEHICLES

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Bonds	-	18,474	18,474	-
Diversified funds	-	4,305	4,305	-
Liquidity	91,333	20,000	111,333	48,010
Loan funds	-	-	-	63,941
	<u>91,333</u>	<u>42,779</u>	<u>134,112</u>	<u>111,951</u>

### 12.5 AVC INVESTMENTS

The Scheme holds assets in each section which are separately invested from the main fund to secure additional benefits on a money purchase basis for those members who have elected to pay Additional Voluntary Contributions.

Members participating in this arrangement receive an annual statement made up to 31 December each year, confirming the amounts held to their account and movements during the year.

The amounts of AVC investments held at the year end are as follows:

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
<b>Unitised Funds</b>				
Legal & General	7,497	-	7,497	8,249
Utmost	-	45	45	-
<b>With Profits</b>				
Standard Life AVC	437	-	437	443
Aviva	28	-	28	53
	<u>7,962</u>	<u>45</u>	<u>8,007</u>	<u>8,745</u>

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12.6 FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price for an identical asset in an active market
Level 2	Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable for the asset or liability

For the purposes of this analysis daily priced funds have been included in Level 1, weekly priced funds and monthly net asset values for Absolute Return funds in Level 2 and monthly net asset values for Private Equity funds in Level 3.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total 2023 £000
<b><u>MRBS Section</u></b>				
Pooled investment vehicles	-	91,333	-	91,333
Insurance policy	-	-	672,000	672,000
AVC investments	-	7,497	465	7,962
<b><u>FW Section</u></b>				
Pooled investment vehicles	-	42,779	-	42,779
Insurance policy	-	-	26,287	26,287
AVC investments	-	45	-	45
	-	141,654	698,752	840,406
<hr/>				
	Level 1 £000	Level 2 £000	Level 3 £000	Total 2022 £000
Pooled investment vehicles	-	48,010	63,941	111,951
AVC investments	-	8,745	-	8,745
Insurance policy	-	-	914,000	914,000
Cash	-	496	-	496
Outstanding trades	-	57,251	977,941	1,035,192
	-	48,010	63,941	111,951

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12.7 INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme had exposure to these risks because of the investments it made to implement its investment strategy, however following the September 2019 actuarial valuation for the MRBS Section, the Trustee decided to further de-risk the investment arrangements and enter into a buy in contract with L&G and adjusted the portfolio of the MRBS Section to match the insurer's requirements of the buy in arrangement. The Trustee managed investment risks, including credit risk and market risk, within agreed risk limits which were set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits were implemented through the investment manager agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolios.

Further information on the Trustee's approach to risk management and the Scheme's exposure to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

#### (i) Credit Risk

The Scheme is subject to credit risk as the Scheme has cash balances. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

The Scheme is also subject to credit risk due to holding bulk annuity contracts which make payments to the Scheme that closely match the pensions (and contingent pensions) being paid to pensioners who retired. These are held with L&G and Aviva, which, because of strict regulation, are considered to have a very low chance of default.

#### Analysis of direct credit risk

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Pooled investment vehicles	91,333	42,779	134,112	111,951
Bulk annuity contract	672,000	26,287	698,287	914,000
	<b>763,333</b>	<b>69,066</b>	<b>832,399</b>	1,025,951

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (i) Credit Risk continued

The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the regulatory and operating environment of the pooled manager.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities.

The Pooled Investments are categorised as follows:

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Unit linked insurance contracts	-	42,779	42,779	-
Open ended unit trust	91,333	-	91,333	48,010
Closed end limited partnership	-	-	-	63,941
	<u>91,333</u>	<u>42,779</u>	<u>134,112</u>	<u>111,951</u>

### (ii) Currency risk

The Scheme was subject to direct currency risk because some of the Scheme's investments were previously held in overseas markets, either as segregated investments or as pooled investment vehicles. The Trustee limits overseas currency exposure through a currency hedging policy, however at the year end there was no such hedging in place.

At 31 March 2023 the MRBS Section was subject to direct currency risk in relation to the pooled investment vehicles held in foreign currency amounting to £nil (2022: £63,941k) and the FW Section was subject to indirect currency risk through the pooled investments held amounting to £8,388k (2022: £nil).

### (iii) Interest rate risk

The Scheme is subject to interest rate risk because some of its investments are held in the form of bulk annuity contracts, bonds, interest rate swaps and assets held within pooled investment vehicles. At the year end the investments liable to interest rate risk were as follows:

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
<b>Direct</b>				
Bulk annuity contract	672,000	26,287	698,287	914,000
<b>Indirect</b>				
Pooled investment vehicles	91,333	42,779	134,112	111,951
	<u>763,333</u>	<u>69,066</u>	<u>832,399</u>	<u>1,025,951</u>

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (iv) Other price risk

Other price risk arose principally in relation to the Scheme's return seeking portfolio which used to include directly held hedge funds, private equity and loan funds, held in pooled investment vehicles.

At the year end the Scheme's exposure to investments subject to indirect other price risk was:

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
<b>Indirect</b>				
Pooled funds	91,333	42,779	134,112	63,941
	<u>91,333</u>	<u>42,779</u>	<u>134,112</u>	<u>63,941</u>

### 13 TAX

The Maersk Retirement Benefit Scheme is a registered pension scheme for tax purposes under the Finance Act 2004. The Scheme is therefore exempt from income tax and capital gains tax except for certain withholding taxes relating to overseas investment income. Tax charges are accrued on the same basis as the investment income to which they relate.

### 14 CURRENT ASSETS

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Cash balance	4,051	126	4,177	7,389
Amounts due relating to benefits accrued	-	-	-	159
	<u>4,051</u>	<u>126</u>	<u>4,177</u>	<u>7,548</u>

### 15 CURRENT LIABILITIES

	MRBS Section	FW Section	Total	Total
	2023	2023	2023	2022
	£000	£000	£000	£000
Unpaid benefits	-	-	-	159
Taxation	251	-	251	323
Income received in advance	2,539	-	2,539	2,315
Other creditors	374	45	419	543
	<u>3,164</u>	<u>45</u>	<u>3,209</u>	<u>3,340</u>

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16 RELATED PARTY TRANSACTIONS

A number of the Trustee directors receive benefits from the Scheme. These benefits are paid in accordance with the normal rules of the Scheme.

During the year the MRBS Section paid Trustee fees of £124,107 (2022: £133,550) and Trustee expenses of £589 (2022: £1,704). There were outstanding Trustee fees of £13,051 (2022: £15,666) and Trustee expenses of £nil (2022: £nil) at the year end.

The Principal Employer of the FW Section paid Law Debenture fees of £21,182 from the date of the merger up to the year-end. These fees were outstanding at the year-end and have been included within other creditors at the year end.

Following the merger the PPF compliant guarantee from the Maersk Company Ltd, in respect of the MRBS Section was terminated and the Maersk Company Ltd released from its obligations under this guarantee on 5 April 2023. The funding guarantee from A.P. Moller Maersk A/S, also in respect of the MRBS Section, continues unchanged following the merger.

### 17 CONTINGENT LIABILITIES

#### GMP Equalisation

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. Following a further High Court ruling on 20 November 2020 further clarification was provided in respect of transfer value payments. The Trustee is now reviewing, with their advisers, the implication of these rulings on both sections of the Scheme and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Scheme and the value of any liability. As soon as this review is finalised and any liability quantified, then members will be communicated with. The impact is not expected to be material to the Financial Statements.

#### Buy-in True Up

An exercise to true up the value of the Legal & General Buy-in policy of the MRBS Section is currently underway; however at the date of signing this Annual Report there has been no estimate made for this, therefore no provision for this has been made for this in the Financial Statements. The value of the true-up is expected to be finalised in the financial year ending 31 March 2024. There is no true-up exercise currently planned for the buy-in within the FW Section, this is yet to be determined.



# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

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## REPORT ON ACTUARIAL LIABILITIES (FORMING PART OF THE TRUSTEE'S REPORT)

### MRBS Section only

The most recent actuarial valuation of the MRBS scheme was carried out as at 30 September 2019.

It showed the funding position of the scheme was as follows:

Assets	£1,260.9million
Liabilities (i.e. the amount needed to provide the benefits)	(£1,119.0million)
Surplus of	<u>£141.9million</u>
Funding level	113%

Both assets and liabilities include the value of Additional Voluntary Contributions totalling £8.1 million.

As the assets of the Scheme exceeded the Technical Provision as at the valuation date, there was no need for a Recovery Plan. Furthermore, the trustee agreed that the Company could continue to pay the existing rate of 44.7% of Pensionable Earnings less 1.5 times the Lower Earnings Limit to meet the annual cost of future accrual, although this was lower than the theoretical rate of 83.7%. This rate continued to be paid, together with an allowance of £720,000 per annum to cover the non-investment expenses of the Scheme, up until the Scheme closed to future accrual with effect from 31 May 2021. Thereafter, non-investment expenses are met from the reserve held by the Scheme for this purpose. These arrangements were formalised in a Schedule of Contributions dated and certified on 11 June 2021.

The valuation also revealed that the Scheme held sufficient assets to ensure that all members' benefits could have been paid in full if the Scheme had started winding up and bought annuities at the valuation date. Indeed, the trustee subsequently took the decision in November 2020 to purchase a bulk annuity policy with Legal & General which ensures all accrued liabilities up to the valuation date. This 'buy-in' policy now constitutes the majority of the Scheme's assets.

### **Method**

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

### **Significant actuarial assumptions**

The significant actuarial assumptions adopted at the valuation date are set out in the Statement of Funding Principles dated 11 June 2021 and summarised below:

**Discount rate:** Reflecting yields on real and nominal gilt curves at the valuation date plus a margin of 0.5% per annum. This equated broadly to a single equivalent nominal discount rate of 1.3% per annum.

**Future Retail Price Inflation (RPI):** Reflecting the inflation expectations implicit in UK Government bond prices at the valuation date and the weighted average of the Scheme's accrued liabilities. The assumption adopted was 3.15% per annum as at 30 September 2019.

**Future Consumer Price Inflation (CPI):** Assumed to be on average 0.9% per annum lower than increases in RPI.

**Pension Increases:** Assumptions derived from the underlying inflation assumptions, allowing for the caps and floors on pension increases.

**Mortality:** 93% of SAPS S3PMA and 97% of S3PFA tables for males and females respectively. Future improvements assumed to be in line with the CMI 2018 Core Projections Model with a long-term improvement rate of 2.0% per annum and an initial addition parameter of 0.5% per annum.

**Reserve for data adjustments:** A reserve equal to 2% of the value of the existing liabilities was included for data adjustments in respect of potential additional liabilities resulting from, among other things, GMP rectification and GMP equalisation and in respect of contingent spouses' benefits.

### **Next actuarial valuation**

The next triennial valuation of the Section will be performed no later than as at 30 September 2022.

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# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

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## ACTUARIAL CERTIFICATE

### MRBS Section

Date of Schedule of Contributions (for reference purposes): 11 June 2021

#### **Actuary's certification of Schedule of Contributions**

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

#### **Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in the Schedule of Contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the Schedule is to be in force.

#### **Adherence to Statement of Funding Principles**

2. I hereby certify that, in my opinion, the Schedule of Contributions is consistent with the Statement of Funding Principles dated 11 June 2021.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

N G Mobbs  
Fellow of the Institute and Faculty of Actuaries  
Towers Watson Limited, a Willis Towers Watson company

Watson House  
London Road  
Reigate  
Surrey  
RH2 9PQ

Date: 11 June 2021

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

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## IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT)

### **Introduction and purpose to this statement**

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the Maersk Retirement Benefit Scheme (the "Scheme" or "MRBS") covering the year to 31 March 2023.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the engagement policies under the Scheme's Statements of Investment Principles ("SIP") were followed during the year
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

A copy of this implementation statement has been made available on the following website [www.maerskrbs.co.uk](http://www.maerskrbs.co.uk) and included in the Trustee's annual report and scheme accounts for the year to 31 March 2023.

### **MRBS Section**

#### **Review of the SIP and changes made during the scheme year and post year-end**

The SIP was last reviewed and amended in July 2021 to reflect the purchase of a bulk annuity policy with Legal & General in November 2020 which covers the vast majority of the Scheme's liabilities. No changes were made in the year to 31 March 2023.

#### **Trustees' voting and engagement policy**

At the start of the scheme year, the trustee held a portfolio which consisted mainly of the bulk annuity policy with Legal & General, with the remainder of the assets invested in a sterling liquidity fund managed by Legal & General Investment Management and two direct lending funds managed by Ares and Barings. In June 2022, the direct lending funds were sold and the proceeds invested in the sterling liquidity fund.

The trustee's view is that, given the nature of the buy-in policy, it is not required to consider the voting practice of Legal & General. There were no voting rights associated with the direct lending funds.

#### **Summary of voting over the year to 31 March 2023**

Given the nature of the investments held by the Section over the year to 31 March 2023, there is no voting information provided for this Section. It is the trustee's opinion that its policy in relation to voting and engagement has been followed over this period.

The Trustee of the Maersk Retirement Benefit Scheme

# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

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## IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT) (CONTINUED)

### **FW Section**

#### **Purpose**

This Implementation Statement provides information on how, and the extent to which, the trustee of the FW Section of the Maersk Retirement Benefit Scheme (the "Scheme") has followed their policy in relation to the exercising of rights (including voting rights) attached to the Scheme's investments, and engagement activities during the year ended 31 March 2023 ("the reporting year"). In addition, the statement provides a summary of the voting behaviour and most significant votes cast during the reporting year.

#### **Background**

While the trustee does not have a formally documented set of Environmental, Social and Governance ("ESG") beliefs, the SIP dated July 2021 sets out the trustee's policies with respect to responsible investment, voting rights, and the monitoring of the manager's engagement and voting practices.

#### **The trustee's updated policy**

The trustee believes that there can be financially material risks relating to ESG issues. The trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The trustee requires the Scheme's investment manager to take ESG and climate change risks into consideration within their investment decision-making, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

The trustee has delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the investment managers and encourage them to engage with investee companies and vote whenever it is practical to do so on financially material matters including those deemed to include a material ESG and/or climate change risk in relation to those investments.

#### **Manager selection exercises**

One of the main ways in which this updated policy is expressed is via manager selection exercises: the trustee seeks advice from XPS on the extent to which their views on ESG and climate change risks may be taken into account in any future investment manager selection exercises.

In January 2023, the trustee undertook a review of the investment strategy which introduced an allocation to the Insight Sterling Liquidity Fund. Due to the simplicity and short-term nature of the investment, ESG credentials were not considered as part of the manager selection.

#### **Ongoing governance**

The trustee, with the assistance of XPS, monitors the processes and operational behaviour of the investment managers from time to time, to ensure they remain appropriate and in line with the trustee's requirements as set out in this statement. Further, the trustee has set XPS the objective of ensuring that any selected managers reflect the trustee's views on ESG (including climate change) and stewardship.

Beyond the governance work currently undertaken, the trustee believes that their approach to, and policy on, ESG matters will evolve over time based on factors including developments within the industry. In particular, whilst the trustee has not, to date, introduced specific stewardship priorities, they will monitor the results of those votes deemed by the managers to be most significant in order to determine whether specific priorities should be introduced and communicated to the managers.

#### **Adherence to the Statement of Investment Principles**

During the reporting year the trustee is satisfied that they followed their policy on the exercise of rights (including voting rights) and engagement activities to an acceptable degree.



IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT) (CONTINUED)

**Voting activity**

The main asset class where the investment managers will have voting rights is equities. As investments in equities form part of the strategy for the two diversified growth funds in which the Scheme invests, a summary of the voting behaviour and most significant votes cast by each of the relevant investment manager organisation is shown below. Based on this summary, the trustee concludes that the investment managers have exercised their delegated voting rights on behalf of the trustee in a way that aligns with the trustee's relevant policies in this regard.

<b>Voting Information</b>
<b>Ruffer Absolute Return Fund</b>
The manager voted on 100% of resolutions of which they were eligible out of 1,305 eligible votes.
<b>Investment Manager Client Consultation Policy on Voting</b>
Ruffer, as a discretionary investment manager, does not have a formal policy on consulting with clients before voting. However, they can accommodate client voting instructions for specific areas of concerns or companies where feasible.
<b>Investment Manager Process to determine how to Vote</b>
<p>To ensure that they act in the best interests of their clients and investors, they review local best practices and corporate governance codes. Where companies do not comply with best practice, they consider their explanations before voting on their shares. They have developed an integrated voting platform linked to proxy voting research, currently provided by Institutional Shareholder Services (ISS), to assist in the assessment of resolutions and the identification of contentious issues. Although they acknowledge proxy advisers' voting recommendations, they generally do not delegate or outsource their voting decisions. Research Analysts are responsible, supported by their Responsible Investment team, for reviewing the relevant issues case by case and exercising their judgement, based on their in-depth knowledge of the company.</p> <p>Before a significant vote is cast, a quorum is convened with senior investment staff so the analyst can provide justification for their decision. If an agreement cannot be reached, Ruffer may escalate the decision to the Chair of the Responsible Investment Committee or the Chief Investment Officer.</p> <p>Ruffer look to discuss with companies any relevant or material issue that could impact their investment. They ask for additional information or an explanation to inform their voting decisions.</p>



IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT) (CONTINUED)

**How does this manager determine what constitutes a 'Significant' Vote?**

Ruffer have defined 'significant votes' as those that they think will be of particular interest to their clients. In most cases, these are when they form part of continuing engagement with the company and/or Ruffer have held a discussion between members of the research, portfolio management and responsible investment teams to make a voting decision following differences between the recommendations of the company, ISS and their internal voting guidelines.

**Does the manager utilise a Proxy Voting System? If so, please detail**

Ruffer's proxy voting advisor is Institutional Shareholder Services (ISS). Ruffer have developed their own internal voting guidelines, however they take into account issues raised by ISS, to assist in the assessment of resolutions and the identification of contentious issues. Although they are cognisant of proxy advisers' voting recommendations, they do not delegate or outsource their stewardship activities when deciding how to vote on their clients' shares.

Each research analyst, supported by their responsible investment team, reviews the relevant issues on a case-by-case basis and exercises their judgement, based on their in-depth knowledge of the company. If there are any controversial resolutions, a discussion is convened with senior investment staff and, if agreement cannot be reached, there is an option to escalate the decision to the Head of Research or the Chief Investment Officer.

As discussed above, Ruffer do use ISS as an input into their decisions. In the 12 months to 31 March 2023, of the votes in relation to holdings in the Ruffer Absolute Return Fund they voted against the recommendation of ISS 7.1% of the time

**Top 5 Significant Votes during the Period**

Company	Voting Subject	How did the Investment Manager Vote?	Result
<b>Equinor ASA</b>	<b>Environmental - Approve Company's Energy Transition Plan (Advisory Vote)</b>	<b>For</b>	<b>The resolution passed with 96.6% votes in favour.</b>
Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives.			
<b>Aena</b>	<b>Advisory Vote on Company's Climate Action Plan</b>	<b>For</b>	<b>The resolution passed with 95.7% votes in favour.</b>
Management have committed to giving shareholders an annual vote on its climate transition plan, a significant step and Aena is the first company in its sector to do so. Ruffer will continue to support credible energy transition plans and initiatives.			



# MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2023

## IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT) (CONTINUED)

<b>BP Plc</b>	<b>Environmental - Approve Shareholder Resolution on Climate Change Targets</b>	<b>Against</b>	<b>The resolution failed with 85.1% votes against.</b>
Ruffer will monitor how the company progresses and improves over time, and continue to support credible energy transition strategies and initiatives which are currently in place, and will vote against shareholder resolutions which deem as unnecessary.			
<b>Barclays Plc</b>	<b>Environmental -Approve Barclays' Climate Strategy, Targets and Progress 2022</b>	<b>For</b>	<b>The resolution passed with 80.8% votes in favour.</b>
Ruffer have a list of follow up questions which they use as a basis for continuation of their engagement with the company on these issues.			
<b>Meta Platforms, Inc</b>	<b>Social - Provide Report on Child Sexual Exploitation Online</b>	<b>For</b>	<b>The resolution failed with 82.7% votes against.</b>
Ruffer will continue to vote on shareholder resolutions that affect transparency over Diversity, Ethnicity, and Inclusion Efforts.			
<b>LGIM Dynamic Diversified Fund</b>			
The manager voted on 99.81% of resolutions of which they were eligible out of 98,208 eligible votes.			
<b>Investment Manager Client Consultation Policy on Voting</b>			
<p>LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all LGIM's clients. LGIM's voting policies are reviewed annually and take into account feedback from their clients.</p> <p>Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as they continue to develop their voting and engagement policies and define strategic priorities in the years ahead. LGIM also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.</p>			

IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT) (CONTINUED)

Investment Manager Process to determine how to Vote

All decisions are made by LGIM's Investment Stewardship team and in accordance with their relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures LGIM's stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How does this manager determine what constitutes a 'Significant' Vote?

As regulation on vote reporting has recently evolved with the introduction of the concept of 'significant vote' by the EU Shareholder Rights Directive II, LGIM wants to ensure they continue to help their clients in fulfilling their reporting obligations. LGIM also believe public transparency of their vote activity is critical for their clients and interested parties to hold them to account.

For many years, LGIM has regularly produced case studies and/ or summaries of LGIM's vote positions to clients for what they deemed were 'material votes'. LGIM are evolving their approach in line with the new regulation and are committed to provide their clients access to 'significant vote' information.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance. This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny;
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where LGIM note a significant increase in requests from clients on a particular vote;
- Sanction vote as a result of a direct or collaborative engagement;
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

LGIM provide information on significant votes in the format of detailed case studies in their quarterly ESG impact report and annual active ownership publications.

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. LGIM also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions. If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on their website at: <https://vds.issgovernance.com/vds/#/MjU2NQ==/>



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IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT) (CONTINUED)

**Does the manager utilise a Proxy Voting System? If so, please detail**

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. LGIM's use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions. For more information on how they use the services of proxy providers, please refer to the following document available on their website:

<https://www.lqim.com/landq-assets/lqim/document-library/capabilities/how-lqim-uses-proxy-voting-services.pdf>.

To ensure LGIM's proxy provider votes in accordance with their position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what they consider are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retain the ability in all markets to override any vote decisions, which are based on their custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows them to apply a qualitative overlay to their voting judgement. LGIM have strict monitoring controls to ensure their votes are fully and effectively executed in accordance with LGIM's voting policies by their service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

**Top 5 Significant Votes during the Period**

Company	Voting Subject	How did the Investment Manager Vote?	Result
Apple Inc.	Resolution 9 - Report on Civil Rights Audit	For	53.6% of shareholders supported the resolution.

LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.

# MAERSK RETIREMENT BENEFIT SCHEME

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## IMPLEMENTATION STATEMENT (FORMING PART OF THE TRUSTEE'S REPORT) (CONTINUED)

<b>Royal Dutch Shell Plc</b>	<b>Resolution 20 - Approve the Shell Energy Transition Progress Update</b>	<b>Against</b>	<b>79.9% of shareholders supported the resolution.</b>
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
<b>Rio Tinto Plc</b>	<b>Resolution 17 - Approve Climate Action Plan</b>	<b>Against</b>	<b>84.3% of shareholders supported the resolution.</b>
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
<b>Prologis, Inc.</b>	<b>Resolution 1a - Elect Director Hamid R. Moghadam</b>	<b>Against</b>	<b>92.9% of shareholders supported the resolution.</b>
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			
<b>Consolidated Edison, Inc.</b>	<b>Resolution 1.9 - Elect Director Michael W. Ranger</b>	<b>Against</b>	<b>89.2% of shareholders supported the resolution.</b>
LGIM will continue to engage with their investee companies, publicly advocate their position on this issue and monitor company and market-level progress.			

Signed: \_\_\_\_\_, Trustee James Rickards, Director for The Law Debenture Pension Trust Corporation plc

Date: 08-Sep-2023 | 11:37 BST