

**MAERSK RETIREMENT BENEFIT
SCHEME**
**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

YEAR ENDED 31 MARCH 2022

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

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MAERSK RETIREMENT BENEFIT SCHEME

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TRUSTEE AND ADVISERS

Principal employer

Maersk Line UK Ltd
The Pearl
7 New Bridge Street West
Newcastle Upon Tyne NE1 8AQ

Participating employer

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

Committees of the Trustee

Audit Committee

Scheme Actuary

N Mobbs
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

Travers Smith
10 Snow Hill
London EC1A 2AL

Bank

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

Investment Managers

Ares Management LLC
10 New Burlington Street
London W1S 3BE

Barings
20 Old Bailey
London EC4M 7BF

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

BlackRock Investment Management (UK) Ltd (until April 2021)
Draper Gardens
12 Throgmorton Avenue
London EC2N 2DL

Investment Consultant

Willis Towers Watson
Watson House
London Road
Reigate RH2 9PQ

Insurance Policy provider

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

AVC providers

Standard Life Assurance Company
Legal & General
Aviva

Consultants

Willis Towers Watson
Watson House
London Road
Reigate RH2 9PQ

Secretary to the Trustee

J M McGurk
The Pearl
7 New Bridge Street West
Newcastle Upon Tyne NE1 8AQ

MAERSK RETIREMENT BENEFIT SCHEME

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TRUSTEE'S REPORT

The Trustee of the Maersk Retirement Benefit Scheme (the Scheme) is pleased to present the Trustee Report and audited financial statements for the year to 31 March 2022.

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 2022.

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 Employer.

Ukraine

The Scheme has no exposure to Russia or Ukraine. In light of the conflict in Ukraine, AP Moller Maersk decided to wind down its operations in Russia and divest its assets. It has ceased all vessel operations in Russia and services with Belarus. All Maersk offices will be closed by the end of the year and it is not clear when Maersk will be able to return to doing business in Russia. The divesting of operations in Russia has little impact on Maersk's overall business.

The Principal and Participating Employer

The Principal Employer of the Scheme ('the Company') is: Maersk Line UK Ltd, The Pearl, 7 New Bridge Street West, Newcastle Upon Tyne, NE1 8AQ.

Maersk Offshore (Bermuda) Clarendon House, 2 Church Street, Hamilton H11, Bermuda, is a participating employer in the Scheme.

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.

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 Trustee of the Scheme is Maersk RBS Pension Trustee Ltd.

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
Clear Pension Solutions Ltd	Employer Appointed Independent
Pension Lawyer Trustee Ltd (formerly Pensions Legacy Trustees Ltd)	Employer Appointed Independent

Changes to the Trustee

During the year, Pension Legacy Trustees Ltd changed its name to Pension Lawyer Trustee Ltd. Other than that there have been no other changes to the Trustee Directors since 2019 when the Company reviewed the Trustee Board and broadened the knowledge and experience of the Board with the appointment of two independent Trustee Directors.

MAERSK RETIREMENT BENEFIT SCHEME

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TRUSTEE'S REPORT (CONTINUED)

Administration

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

Contributions

Employee contributions were via a salary sacrifice arrangement; consequently, the Employer contribution rate for the period covered by the report was 44.7% of Pensionable earnings less 1.5 times the lower earnings limit. (Members' notional contributions are at the rate of 7% of Pensionable earnings less 1.5 times the lower earnings limit).

For all other contributing members, the Employer paid contributions at the rate of 37.7% of pensionable earnings less 1.5 times the lower earnings limit and the members paid 7% of pensionable earnings less 1.5 times the lower earnings limit.

In addition, the Employer paid £60,000 per month towards administrative expenses.

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

The Employer will be required to make special contributions to the Scheme 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, 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 Trustee may, after consulting the actuary and with the agreement of the Employer, decide on a larger increase.

The increase in RPI over the review period to 30 September 2021 was 4.9%. In accordance with the Rules an increase of 3.9% was awarded as at 1 April 2022. 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.

Scheme Year to 31 March	RPI Over Review period %	Pension Increases on 1 April %
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

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TRUSTEE'S REPORT (CONTINUED)

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:

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.

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

Additional Voluntary Contributions (AVCs)

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

From 6 April 2006 the 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.

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.

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 net assets of the Scheme were £1,039.4m as at 31 March 2022 (2021: £1,157.6m). Further details of the financial developments of the Scheme may be found in the audited financial statements on pages 16 to 27.

Actuarial Valuation

The latest valuation was carried out as at 30 September 2019. The results are shown in the Report on Actuarial Liabilities, forming part of the Trustee's Report, on page 28. This valuation was not signed until 11 June 2021 which was later than the Regulator's 15-month statutory deadline. The Regulator was kept informed of the delay and confirmed on 15 July 2021 that, as there were no adverse implications for the Scheme, it would not be taking any action.

MAERSK RETIREMENT BENEFIT SCHEME

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TRUSTEE'S REPORT (CONTINUED)

Investment Report for Scheme

The formal actuarial valuation 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 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 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 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 2022 is shown below:

31 March 2022	Value (GBP)	Asset Allocation	Strategic Benchmark	12 Months Return Scheme	12 Months Return Benchmark	3 Year Returns Scheme	3 Year Returns Benchmark
		%	%	%	%	%	%
Total Portfolio	111,951,545	100.0	100.0	-	-	-	-
Other/Alternatives	63,942,011	57.1	-	14.43	-	6.43	-
Liquidity	48,009,534	42.9	-	0.03	0.11	-	-

Employer Investments

There were no investments in the Employer held at the year-end.

MAERSK RETIREMENT BENEFIT SCHEME

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TRUSTEE'S REPORT (CONTINUED)

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 Scheme assets to Willis Towers Watson as the Investment Adviser. The Investment Adviser manages 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 Adviser is 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 Adviser 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 Trustees which incorporates the investment strategy. A copy of the Statement is available on request or maybe obtained at www.Maersk.co.uk. The SIP has been updated, to be consistent with the implementation statement.

Implementation statement

The Implementation Statement forms part of the Trustee's report and is set out on page 30.

MAERSK RETIREMENT BENEFIT SCHEME

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TRUSTEE'S REPORT (CONTINUED)

Membership

Details of the membership of the Scheme as at 31 March 2022 are given below:

	2022	2021
ACTIVE MEMBERS		
Opening balance – active members	31	36
Retirements	(4)	(4)
Transfers out	(1)	-
Active record closed	(25)	
Leavers	(1)	(1)
ACTIVE MEMBERS AT THE END OF THE YEAR	-	31
PENSIONERS		
Opening balance	3,059	3,059
Adjustments to pensioners*	(10)	8
Members retiring during the year	79	72
Deaths	(101)	(117)
New beneficiaries	33	42
Full commutation	-	(5)
PENSIONERS AT THE END OF THE YEAR	3,060	3,059
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS		
Opening balance	1,746	1,832
Adjustments to members with deferred benefits*	(23)	(6)
Leavers during the year with preserved benefits	26	1
Retirements	(80)	(67)
Transfers out	(14)	(10)
Commutation	(3)	-
Deaths	(4)	(3)
MEMBERS WITH PRESERVED AND DEFERRED BENEFITS AT THE END OF THE YEAR	1,648	1,746
TOTAL MEMBERSHIP	4,708	4,836

Pensioners include individuals receiving a pension upon the death of their spouse and 11 (2021: 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.

MAERSK RETIREMENT BENEFIT SCHEME

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TRUSTEE'S REPORT (CONTINUED)

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.

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.

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.

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

This report, including the Report on Actuarial Liabilities and the Implementation Statement, was approved by the Trustee on and signed on its behalf by:

.....

Director

.....

Director

MAERSK RETIREMENT BENEFIT SCHEME

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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. It is 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 it determines 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 it 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.

MAERSK RETIREMENT BENEFIT SCHEME

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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.

Trustee's Summary of Contributions payable under the Schedules in respect of the Scheme year ended 31 March 2022.

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Scheme under the Schedules of Contributions certified by the actuary on 23 February 2018 for contributions from 1 April 2021 to 10 June 2021 and on 11 June 2021 for contributions from 11 June 2021 onwards.

Contributions payable under the Schedules in respect of the Scheme year		£000
Employer:	Normal contributions	140
	Additional Employer contributions	120
Member:	Normal contributions	11
Total contributions payable under the Schedules (as reported on by the Scheme auditor) and as reported in the financial statements		271

Signed on behalf of the Trustee on

.....

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 to the Maersk Retirement Benefit Scheme in respect of the Scheme year ended 31 March 2022 which is set out on page 11.

In our opinion contributions for the Scheme year ended 31 March 2022 as reported in the Summary of Contributions and payable under the Schedules of Contributions have, in all material respects, from 1 April 2021 to 10 June 2021 been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 23 February 2018 and subsequently been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 11 June 2021.

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 have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 11, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions 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:

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 2022 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 16 to 27

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 2022 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 Trustees' 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;
- 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.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement due to non-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 in our statement about contributions on page 11 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 and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

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 and the summary of contributions), 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 10 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.

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 it 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:

MAERSK RETIREMENT BENEFIT SCHEME
31 MARCH 2022

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £000	2021 £000
CONTRIBUTIONS AND BENEFITS			
Contributions			
Employer	4	260	1,763
Employee	4	11	72
		<u>271</u>	<u>1,835</u>
Benefits			
Payments to and on account of leavers	5	(31,117)	(29,889)
Administrative expenses	6	(4,894)	(4,257)
	7	(3,314)	(2,536)
		<u>(39,325)</u>	<u>(36,682)</u>
NET WITHDRAWALS FROM DEALINGS WITH MEMBERS		<u>(39,054)</u>	<u>(34,847)</u>
INVESTMENT RETURNS			
Investment income	8	39,104	13,854
Investment management expenses	9	85	(1,070)
Change in market value of investments	10	(118,335)	(3,474)
		<u>(79,146)</u>	<u>9,310</u>
NET RETURNS ON INVESTMENTS		<u>(79,146)</u>	<u>9,310</u>
NET INCREASE/(DECREASE) IN THE FUND DURING THE YEAR		<u>(118,200)</u>	<u>(25,537)</u>
NET ASSETS OF THE SCHEME AT 1 APRIL 2021		<u>1,157,600</u>	<u>1,183,137</u>
NET ASSETS OF THE SCHEME AT 31 MARCH 2022		<u><u>1,039,400</u></u>	<u><u>1,157,600</u></u>

The notes on pages 18 to 27 form an integral part of these financial statements.

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

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

	Note	2022 £000	2021 £000
INVESTMENT ASSETS			
Pooled investment vehicles	10	111,951	104,988
Insurance policy	10	914,000	1,037,000
AVC Investments	10	8,745	8,328
Cash and accrued income	10	496	701
Other investment assets		-	1,889
TOTAL INVESTMENTS		1,035,192	1,152,906
CURRENT ASSETS	12	7,548	7,821
CURRENT LIABILITIES	13	(3,340)	(3,127)
TOTAL NET ASSETS AT 31 MARCH 2022		1,039,400	1,157,600

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 28 and these Financial Statements should be read in conjunction with that Report.

The notes on pages 18 to 27 form an integral part of these financial statements.

These financial statements were approved by the Trustee on 2022 and were signed on its behalf by:

.....

Director

.....

Director

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

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 Employer. The employer has 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, carried out as at 30 September 2019, revealed that the Scheme was well funded on the Technical Provisions basis at 114%. The Principal Employer remains comfortably compliant with its covenants to the Scheme, and the Trustee has a funding Guarantee from A P Moller Maersk A/S. Furthermore, the Scheme has entered into a buy in contract with Legal & General to cover all of the Scheme's liabilities currently in payment and coming into payment in the future. At 31 March 2022 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.

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3.3 Contributions

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

Employee contributions, including AVCs, are accounted for when deducted from member's pay. Employer normal contributions are accounted for on the same basis as employee contributions.

Augmentations relate to the cost of augmenting benefits of certain retiring members, as advised by the Actuary, and are accounted for in accordance with the agreement under which they are paid.

Employer additional contributions are accounted for in accordance with the Schedule of Contributions under which they are paid.

3.4 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.

3.5 Transfers 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.

3.6 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 policy is valued by Legal & General on an annual basis. The fair value of the Buy-in policy is deemed to be the present value of the related obligations based on the insurer's pricing basis at 31 March 2022, which in turn is based on the Actuarial Valuation of September 2019 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 within 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.

3.7 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 account.

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

3.8 Expenses

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

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 CONTRIBUTIONS

	2022 £000	2021 £000
Employer's Contributions		
Normal contributions	140	883
Augmentations	-	160
Additional contributions	120	720
	<u>260</u>	<u>1,763</u>
Members' Contributions		
Normal contributions	11	71
Additional voluntary contributions	-	1
	<u>11</u>	<u>72</u>
	<u>271</u>	<u>1,835</u>

Contributions of £120,000 as set out in the Schedule of Contributions are a contribution towards operational expenses. Included in employer normal contributions is £12,767 (2021: £76,436) in respect of salary sacrifice arrangements. From 1 June 2021 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 towards operational expenses also ceased.

5 BENEFITS

	2022 £000	2021 £000
Pension payments	26,952	26,789
Commutations and lump sum retirement benefits	3,758	3,009
Lump sums on death	151	91
Taxation	256	-
	<u>31,117</u>	<u>29,889</u>

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.

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022 £000	2021 £000
Individual transfers out to other schemes	<u>4,894</u>	<u>4,257</u>

7 ADMINISTRATIVE EXPENSES

	2022 £000	2021 £000
Administration and processing	634	296
Actuarial and Investment advice fees	2,239	1,392
Audit fee	50	63
Legal fees and other professional fees	230	490
Trustee fees and expenses	135	221
Printing and communication	26	74
	<u>3,314</u>	<u>2,536</u>

Administrative fees are higher in the current year due to the additional work required for the Buy-in arrangement and the GMP equalisation project.

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 INVESTMENT INCOME

	2022 £000	2021 £000
Income from bonds	-	4,189
Income from managed funds	2,865	6,685
Income from derivatives	-	(4,809)
Annuity income	36,238	7,176
Foreign currency loss	1	(641)
Tax claims	-	1,254
	<u>39,104</u>	<u>13,854</u>

9 INVESTMENT MANAGEMENT EXPENSES

	2022 £000	2021 £000
Administration, management & custody	205	333
Custodian fees	1	66
Investment consultancy	-	671
VAT reclaimed on fees*	(291)	-
	<u>(85)</u>	<u>1,070</u>

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

10 INVESTMENTS

10.1 RECONCILIATION OF INVESTMENTS

Reconciliation of investments held at beginning and end of year:

	Value at 01 April 2021 £000	Purchases at Cost and Derivative payments £000	Sales Proceeds and Derivative receipts £000	Change in market value £000	Value at 31 March 2022 £000
Pooled investment vehicles	104,988	48,010	(44,894)	3,847	111,951
Insurance policy	1,037,000	-	-	(123,000)	914,000
AVC investments	8,328	180	(581)	818	8,745
	<u>1,150,316</u>	<u>48,190</u>	<u>(45,475)</u>	<u>(118,335)</u>	<u>1,034,696</u>
Cash and collateral	701				-
Other investment balances	1,889				496
	<u>1,152,906</u>				<u>1,035,192</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.

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.2 CONCENTRATION OF INVESTMENTS

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

	2022	2022	2021	2021
	£000	%	£000	%
Legal & General Buy-in policy	914,000	87.9	1,037,000	89.4

10.3 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.

10.4 POOLED INVESTMENT VEHICLES

	2022	2021
	£000	£000
Liquidity	48,010	31,522
Loan funds	63,941	73,466
	<u>111,951</u>	<u>104,988</u>

10.5 AVC INVESTMENTS

The Trustee holds assets 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:

	2022	2021
	£000	£000
Unitised Funds		
Legal & General	8,249	7,828
With Profits		
Standard Life AVC	443	449
Aviva	53	51
	<u>8,745</u>	<u>8,328</u>

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.6 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	Level 2	Level 3	Total 2022
	£000	£000	£000	£000
Pooled investment vehicles	-	48,010	63,941	111,951
AVC investments	-	8,745	-	8,745
Insurance policy	-	-	914,000	914,000
Accrued income	-	496	-	496
	<u>-</u>	<u>57,251</u>	<u>977,941</u>	<u>1,035,192</u>

	Level 1	Level 2	Level 3	Total 2021
	£000	£000	£000	£000
Pooled investment vehicles	-	31,522	73,466	104,988
AVC investments	-	8,328	-	8,328
Insurance policy	-	-	1,037,000	1,037,000
Cash	701	-	-	701
Outstanding trades	1,889	-	-	1,889
	<u>2,590</u>	<u>39,850</u>	<u>1,110,466</u>	<u>1,152,906</u>

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10.7 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, the Trustee decided to further de-risk the investment arrangements and enter into a buy in contract with L&G and adjusted the portfolio 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 which, because of strict regulation, is considered to have a very low chance of default.

Analysis of direct credit risk

	2022	2021
	£000	£000
Pooled investment vehicles	111,951	104,988
Bulk annuity contract	914,000	1,037,000
	<u>1,025,951</u>	<u>1,141,988</u>

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

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:

	2022 £000	2021 £000
Open ended unit trust	48,010	31,522
Closed end limited partnership	63,941	73,466
	<u>111,951</u>	<u>104,988</u>

(ii) Currency risk

The Scheme is subject to direct currency risk because some of the Scheme's investments are 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 2022 the Scheme was subject to direct currency risk in relation to the pooled investment vehicles held in foreign currency amounting to £63,941k (2021: £73,466k).

(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:

	2022 £000	2021 £000
Direct		
Bulk annuity contract	914,000	1,037,000
Indirect		
Pooled investment vehicles	111,951	104,988
	<u>1,025,951</u>	<u>1,141,988</u>

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

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 vehicles.

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

	2022 £000	2021 £000
Indirect		
Loan funds	63,941	73,466
	<u>63,941</u>	<u>73,466</u>

11 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.

12 CURRENT ASSETS

	2022 £000	2021 £000
Cash balance	7,389	7,790
Contributions due from employer	-	31
Amounts due relating to benefits accrued	159	-
	<u>7,548</u>	<u>7,821</u>

All contributions due at the prior year end were paid to the Scheme subsequent to the year end in accordance with the Schedule of Contributions.

13 CURRENT LIABILITIES

	2022 £000	2021 £000
Unpaid benefits	159	-
Taxation	323	311
Income received in advance	2,315	2,530
Other creditors	543	286
	<u>3,340</u>	<u>3,127</u>

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 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 Scheme paid Trustee fees of £133,550 (2021: £221,215) and Trustee expenses of £1,704 (2021: £221). There were outstanding Trustee fees of £15,666 (2021: £12,173) and Trustee expenses of £nil (2021: £nil) at the year end.

There is a PPF compliant guarantee from The Maersk Company Limited in place at the year end, as well as a funding guarantee from A P Moller Maersk A/S.

15 CAPITAL COMMITMENTS

The Scheme had the following capital commitments at 31 March 2022:

Fund	CCY	Total Commitment	Outstanding Commitment 2022
		£'000	£'000
Barings Global Private Loan Fund 2	USD	38,070 (USD 50,000)	2,094 (USD 2,750)
Ares Capital Europe III (G) Levered	EUR	50,880 (EUR 60,000)	5,804 (EUR 6,844)

16 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 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 Buy-in policy 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 2023.

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

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

Summary funding statement

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 will be performed no later than as at 30 September 2022.

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

ACTUARIAL CERTIFICATE

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.

Neil Mobbs

N G Mobbs
Fellow of the Institute and Faculty of Actuaries
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Reigate
Surrey
RH2 9PQ

Date: 11 June 2021

MAERSK RETIREMENT BENEFIT SCHEME

31 MARCH 2022

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 2022.

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the engagement policy under the Scheme's Statement of Investment Principles ("SIP") was 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 [Maerskrbs.co.uk](https://www.maerskrbs.co.uk) and included in the Trustee's annual report and scheme accounts for the year to 31 March 2022.

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

The SIP was reviewed and amended in September 2020 to reflect changes that had taken place in the Scheme's investment strategy, as well as to reflect new regulatory requirements which came into effect from 1 October 2020 requiring the Trustee to describe its policies in relation to, among other things, the remuneration of asset managers and how they are incentivised to align their strategies with the Trustee's policies and to engage with issuers of debt and equity to improve their performance over the medium and long term.

A further review of the SIP took place 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.

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 2022

Given the nature of the investments held over the year to 31 March 2022, there is no voting information provided in this statement. 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

September 2022