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# Scheme Administrator

## **JLT Employee Benefits**

Please note that our Scheme Administrator, JLT Employee Benefits has centralised the postal arrangements for the Maersk Retirement Benefit Scheme. All post for the Scheme will be sent to JLT's Manchester office to be logged and issued to the Scheme Administrators in Leatherhead.

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

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

Telephone  
**01372 200 208**

Email  
**maerskrbs@jltgroup.com**

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# More information

## **Documents**

The following documents are available on request from the Scheme secretary at  
**13th Floor, Aldgate Tower, 2 Leaman Street, London E1 8FA:**

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

## **Internal Dispute Resolution (IDR) procedures**

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

# Useful contacts

## **Pension Tracing Service**

To track pension benefits due to you from previous schemes:

Address

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

Telephone

**0800 731 0193**

[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

## **The Pensions Advisory Service (TPAS)**

For advice and guidance on pension matters:

Address

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

Telephone

**0800 011 3797**

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## **The Pensions Regulator**

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

Address

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

Telephone

**0345 600 7060**

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## **The Pensions Ombudsman**

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

Address

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

Telephone

**0800 917 4487**

[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)





September 2018

# Trustee's Annual Report and Summary Funding Statement

1 April 2017 – 31 March 2018



Maersk Retirement  
Benefit Scheme



**MAERSK**

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# Message from the Chairman

Last year, I reported the Scheme was undertaking a formal triennial actuarial valuation of the assets and liabilities of the fund as of 31 March 2017.

I am pleased to report that the valuation was agreed earlier this year in February and it showed the Scheme had a small deficit of £12.6m.

However, with the strategic reorganisation of Maersk's business, and the sale of Maersk Oil, a special contribution of £34m was made to the Scheme in September 2017 in respect of Maersk Oil's former liabilities. This has eliminated the deficit and, with this strong funding position, it has allowed the Trustee to move to a lower risk investment strategy whilst it continues to review the Scheme's overall strategy and objectives.

There have been changes to the Trustee Board which are detailed in this report. Nicola MacLeod resigned following the sale of Maersk Oil. I would like to thank Nicola on behalf of the Scheme for her contribution as a Trustee Director.

If you have any queries, please feel free to write to us at Aldgate Tower or email [John.McGurk@maersk.com](mailto:John.McGurk@maersk.com).

**Nigel Pusey** | Chairman

Maersk RBS Pension Trustee Ltd

**A special contribution to the Scheme has eliminated the deficit and allowed the Trustee to move to a lower risk investment strategy.**

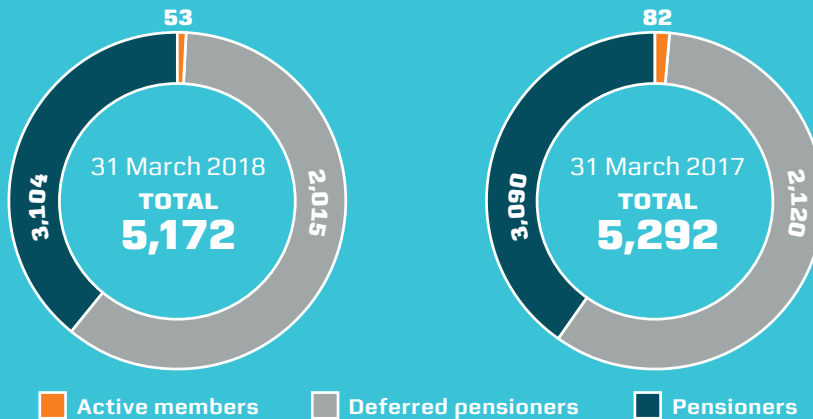


# Events during the year

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

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

The charts below show the number of members as at 31 March 2018 and 31 March 2017. Membership numbers include the transferred-in membership from the Maersk Oil Scheme (MO).



## Administration

The Scheme Administrator continues to be JLT Employee Benefits. Members should address any queries they have about their pension benefits under the Maersk Retirement Benefit Scheme to JLT Employee Benefits (contact details on page17).

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# The Trustee

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

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

## **Changes to the Trustee Board**

The Law Debenture representative (Independent Trustee Director) decided to retire effective from 31 March 2018.

Following this, the Company decided that given the Scheme's strong funding position, its journey plan to reach a point of self-sufficiency, and its fiduciary investment arrangements, there was no longer a requirement for an Independent Trustee Director. Consequently, the Company terminated Law Debenture's appointment on 8 May 2018. A replacement Trustee Director will be appointed in due course.

The vacancy created by Nicola MacLeod's resignation was filled when the Company appointed Tony Mason as a Trustee Director on 16 May 2018, following the expiry of his period of tenure as an MND.

Following the year end, Kenneth Eintoft resigned as a Company Nominated Director on 31 August 2018 and was replaced by Lorna MacMillan, who was appointed 3 September 2018.

## **Appointment of new Member Nominated Director**

The above changes required the appointment of a new MND, and therefore in accordance with the process approved by the Trustee Board, the Secretary wrote to all active and pensioner members of the Scheme on 22 May seeking nominations for the position.

More than one nomination was received, and following the laid down selection process, Sandra Davy was appointed as a MND on 3 August.

Clive Allen's five year term as a MND continues until 18 November 2021.

**The following served as Trustee Directors during the year to 31 March 2018.**



**N Pusey**  
Chairman



**K Eintoft**



**A J Mason**  
MND



**N MacLeod**  
Resigned  
1 December 2017



**M C Allen**  
MND



**The Law Debenture  
Pension Trust Corporation plc**  
Independent Trustee

**The following are current serving Trustee Directors.**



**N Pusey**  
Chairman



**K Eintoft**  
Resigned 31  
August 2018



**Sandra Davy**  
MND appointed  
3 August 2018



**A J Mason**



**M C Allen**  
MND



**LL MacMillan**  
Appointed  
3 September 2018

## **The role of the Trustee**

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

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

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

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

## **Providers of services to the Trustee are:**

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



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# Summary Funding Statement

The most recent formal actuarial valuation of the Maersk Retirement Benefit Scheme was carried out as at 31 March 2017. It showed that the funding position of the Scheme at that date was as follows:

Assets	Liabilities	Deficit
<b>£1,061.8m</b>	<b>£1,074.4m</b> <small>(i.e. the amount needed to provide the benefits)</small>	<b>£(12.6)m</b>

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Funding level  
**98.8%**

The funding level of 98.8% as at 31 March 2017 was an improvement from the funding update carried out as at 31 March 2016, which had showed that the Scheme was 96.6% funded.

The funding level had increased over the year due to strong investment returns and a deficit contribution of £3.5m being paid into the Scheme in January 2017, as well as updates to the life expectancy assumptions which had the effect of reducing the liabilities of the Scheme. This was, however, offset to some extent by other changes made to the assumptions used to value the liabilities as part of the 2017 actuarial valuation.

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# Sale of Maersk Oil to Total

In line with Maersk's strategy of divesting its energy related businesses, it was announced on 21 August 2017 that the Company had agreed the sale of Maersk Oil to Total. The sale was completed on 8 March 2018.

As a result of the sale, the Company paid a special contribution of £34m into the Scheme in September 2017 to cover Maersk's Oil's former liabilities. This payment eliminated the Scheme's deficit revealed by the 31 March 2017 valuation and so the Trustee agreed that no further deficit contributions would be required from the Company in relation to this valuation. The Trustee also agreed not to collect the remaining deficit instalment of £3.5m due to be paid by the Company, which had been agreed following the previous valuation as at 31 March 2014.

It is emphasised that the position of Maersk Oil deferred and pensioner members of the Scheme is unaffected by the sale of the Maersk Oil business, and they continue as members of the Maersk Retirement Benefit Scheme, which is responsible for paying their benefits.

The contributions required to cover the accrual of future service benefits were reviewed as part of the 2017 actuarial valuation. Whilst the cost of benefits accruing had increased, in light of the positive funding position arising from the £34m contribution paid in September 2017, it was agreed that there would be no change to the actual contribution rates paid. Ongoing contributions to the fund are therefore as follows:

- Employer contributions in respect of MNOPF members who were also members of MRBS are 37.7% of pensionable salary less 1.5 times the Lower Earnings Limit. Employees contribute at the rate of 7% of pensionable earnings less 1.5 times the Lower Earnings Limit.
- For other employees, the employer is required to contribute 44.7% of pensionable salary less 1.5 times the Lower Earnings Limit. Members who are not in the salary sacrifice arrangement contribute 7% of basic salary less 1.5 times the Lower Earnings Limit, with the employer paying the balance.
- There is no change to the Company contribution of £720,000 per annum towards the non-investment expenses of the Scheme.

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# Scheme Funding Guarantee

A.P. Moller-Maersk continues to provide a funding guarantee for the Scheme. The next formal actuarial valuation of the Scheme is due as at 31 March 2020, though the Trustee will receive an annual update from the Scheme Actuary as at 31 March 2018 and 2019.

There have been no payments to the Company from the Maersk Retirement Benefit Scheme since the last Summary Funding Statement issued in 2017. Furthermore, the Scheme has not been modified by the Pensions Regulator, nor is it subject to any deductions from or bound by any schedule of contributions imposed by the Regulator.

The 2017 valuation also showed the estimated amount needed to ensure that all members' benefits could have been paid in full if the Scheme had started winding up and bought annuities (full solvency). This was estimated to be £166.2 million greater than the value of the assets held as at the valuation date, i.e. a solvency level of approximately 86%. The solvency position will be estimated again at the 2020 valuation. Inclusion of this information is a regulatory requirement and does not imply that Maersk Line UK Ltd is thinking of winding up the Scheme.



# Financial summary for the year ended 31 March 2018

The Scheme has received regular employer contributions of £1.222 million (2017: £1.509 million) during the year.

In addition, special employer contributions of £34.974 million (2017: £8.083 million) were paid. Of this amount, £34 million was a special contribution following the sale of Maersk Oil. There was no additional contribution in respect of the deficit from the 2014 valuation (2017: £3.5 million) and £720,000 (2017: £720,000) was to cover Scheme expenses, while the balance was in respect of augmented pension benefits on redundancy.

<b>Contributions</b>	<b>£000s</b>
Employer contributions	1,222
Special employer contributions	34,974
Employee contributions including AVCs	113
<b>Total</b>	<b>36,309</b>

<b>Benefits/Expenses</b>	<b>£000s</b>
Pension benefits (note 1)	(42,236)
Expenses (note 2)	(963)
Subtotal	(43,199)
<b>Net withdrawals from dealing with members</b>	<b>(6,890)</b>

<b>Investment</b>	<b>£000s</b>
Investment income	14,203
Investment management expenses	(1,768)
Change in market value of investments	38,926
<b>Net return from investment</b>	<b>51,361</b>

<b>Net decrease in fund</b>	<b>(44,471)</b>
<b>Fund value at 31 March 2018</b>	<b>1,105,461</b>

Notes:

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

The value of assets held as at 31 March 2018, excluding any money purchase or AVC funds, is shown in the table below.

Asset class	Fund manager	Value £	Actual allocation at 31 March 2018 %	Strategic benchmark allocation %	Strategic benchmark range %
<b>Equities</b>	<b>-</b>	<b>148,979,471</b>	<b>11.76</b>	<b>12.96</b>	<b>0-35</b>
UK Equities	BlackRock	3,904,716	0.36	1.22	-
US Equities	BlackRock	64,553,588	5.90	6.10	-
European – ex UK Equities	BlackRock	20,567,632	1.88	1.98	-
Japan Equities	BlackRock	8,341,015	0.76	0.76	-
Asia pacific – ex Japan Equities	BlackRock	8,061,535	0.74	0.76	-
Emerging Market Equities	Schroders	23,225,498	2.12	2.14	-
Equity Futures	-	20,325,487	1.86	-	-
<b>Fixed Income</b>	<b>-</b>	<b>183,835,790</b>	<b>16.80</b>	<b>17.54</b>	<b>0-45</b>
Global Credit	PIMCO and BlackRock	75,032,164	6.86	8.39	-
Emerging Market Debt	Ashmore	58,818,739	5.37	5.34	-
High Yield Debt	Loomis + Wellington	42,470,246	3.88	3.81	-
Emerging Market Debt Local Currency	Neuberger	7,514,641	0.69	-	-
<b>Alternatives</b>	<b>-</b>	<b>124,168,741</b>	<b>11.35</b>	<b>11.5</b>	<b>0-25</b>
Hedge Funds	BlackRock	37,391,067	3.42	-	-
Property	Standard Life	30,433,119	2.78	-	-
Small Loans	Ares Management	41,330,424	3.78	-	-
Direct Lending	Barings	15,014,130	1.37	-	-
<b>Liability Hedging*</b>	<b>BlackRock</b>	<b>639,620,899</b>	<b>58.45</b>	<b>58.00</b>	<b>0-100</b>
<b>Cash and Currency Hedging</b>	<b>BlackRock</b>	<b>-2,218,930</b>	<b>-0.22</b>	<b>-</b>	<b>-</b>
<b>Total Portfolio</b>	<b>-</b>	<b>1,094,385,971</b>	<b>-</b>	<b>-</b>	<b>-</b>
AVC Funds	-	8,002	-	-	-
Current Assets	-	3,073	-	-	-
<b>Fund value</b>	<b>-</b>	<b>1,094,397,046</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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# Investment strategy

The strategic investment allocation for the Scheme is intended to reduce risk and gradually improve the financial position, so that by 2022 the Scheme has sufficient low risk assets to meet its accrued liabilities. While the Trustee's aim is to reach that position by 2022, at present the more likely date for it to be achieved is 2024.

The Trustee undertakes an annual review of its investment strategy in consultation with its professional adviser, KPMG and the Scheme Actuary. Following on from the actuarial valuation and the improvement in the Scheme's funding position, the Trustee agreed to move to a lower risk investment strategy in December 2017.

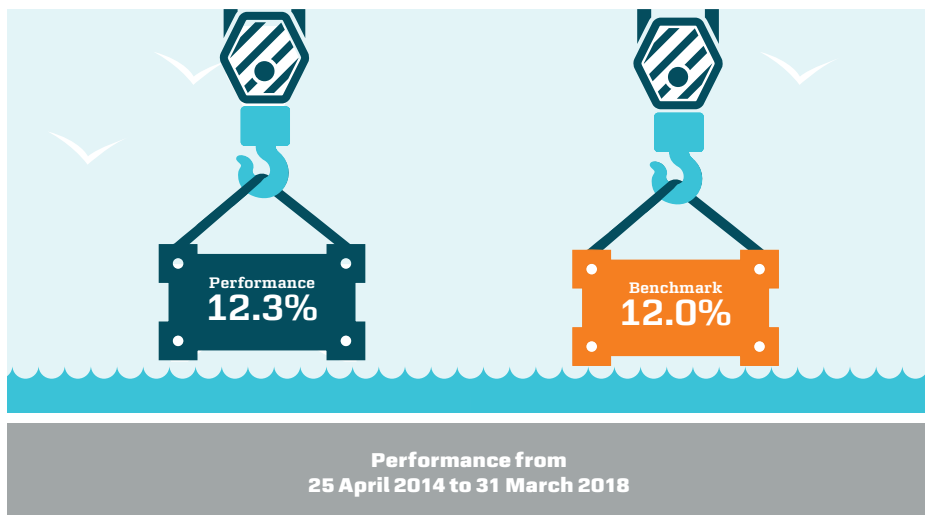
The investment objective is to achieve full funding of the Scheme's liabilities over a period of time while taking appropriate levels of risk.

Overall responsibility for the Scheme's investment management arrangements has been delegated to BlackRock which is responsible for managing the Scheme's assets to achieve the funding target, and for the appointment and monitoring of investment managers.

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

## Investment performance

The diagram below shows performance against the benchmark for the Scheme.



## Value of investments

Changes to the value of the Scheme's investments (including AVC funds) during the year to 31 March 2018 are shown below.

	Value at 1 April 2017	Purchases at cost	Sale proceeds	Change in market value	Value at 31 March 2018
	£000s	£000s	£000s	£000s	£000s
Bonds	799,973	841,188	(711,370)	1,538	931,329
Pooled investments	728,629	332,084	(506,248)	7,467	561,932
Derivatives	(96,305)	1,421	(27,366)	67,825	(54,425)
Liquidity	106,484	420,837	(429,559)	(38,141)	59,621
AVC Investments	9,028	5	(1,268)	237	8,002
Subtotal	1,547,809	1,595,535	(1,675,811)	38,926	1,506,459
Cash Instruments	(497,213)	-	-	-	(412,003)
Cash and Collateral	4,873	-	-	-	6,829
Accrued Income	1,337	-	-	-	1,103
<b>Total</b>	<b>1,056,806</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,102,388</b>

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



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# Pension updates

## **Pension allowances**

The Annual Allowance (AA) was set at £40,000 from April 2014. This allowance is the limit to the contributions that can be made to your pension each tax year, or to the benefits that can be built up in a scheme such as the Maersk Retirement Benefit Scheme, while still receiving tax relief. Members most likely to be affected by the AA are those members who are currently accruing additional pension entitlement, either through the Maersk Retirement Benefit Scheme or another employer's scheme, rather than those whose pensions are in payment.

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

The Lifetime Allowance (LTA), being the value of all your pension benefits (except State Pension benefits) amounts to £1.03m for the 2018/19 tax year. The value of pension entitlement over this limit is subject to a tax charge. If you think your pension benefits do, or will, exceed the above limits you may wish to take independent financial advice.

## **Pension input periods**

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

## **Early retirement**

Members whose benefits have not come into payment are reminded that they are able to transfer their benefits to another pension arrangement, or on reaching age 55, draw their pensions early. Members who wish to consider either of these options should contact the Scheme Administrator, JLT Employee Benefits, using the contact details provided on page 17.

## **Pension flexibilities**

Flexibilities introduced in 2015 allow members to take their pension benefit as a taxable cash sum if they wish, rather than receiving a regular pension from the Scheme. If you are interested in this option, the Trustee recommends you take independent financial advice before making any decision about taking all your pension benefits as a lump sum.



## Pension increases

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

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

The increase in RPI over the review period to 30 September 2017 was 3.9%. In accordance with the Rules, an increase of 3.1% was awarded as at 1 April 2018. 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 DSS and partly by the Scheme) for those over State Pension Age. The increase also applied to the deferred pensions of former PONL members who have left service but not yet started to draw their pension.

**The table below shows the history of pension increases granted by the Trustee since 2014.**

Scheme year to 1 April	RPI over review period %	Increase granted by the Trustee %
2014	3.2	3.0
2015	2.3	2.3
2016	0.8	0.8
2017	2.0	2.0
2018	3.9	3.1

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

Any pension which is:

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

# The State Pension

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

## The new single-tier State Pension

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

The new single-tier State Pension is based on your National Insurance record and a minimum 'qualifying years' requirement. People with no National Insurance record before 6 April 2016 (i.e. those starting work after that date) will need 35 qualifying years to get the full amount of the new single-tier State Pension.

However, most people will have made, or been credited with, National Insurance contributions before 6 April 2016. How much these are worth depends on the type of National Insurance contributions payable by each person. These National Insurance contributions will be taken into account when your new single-tier State Pension is calculated. The new rules make sure that the amount of pension you get for these contributions is no less under the new single-tier State Pension than you would have got under the previous State Pension arrangement – provided you meet the 35 year minimum qualifying period.

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

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

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