

Chair's Annual Governance Statement

Covering period 1 April 2021 – 31 March 2022

Introduction

On 22 June 2021, Ross Trustees Services Limited (“Ross Trustees”) was appointed as the professional corporate sole trustee of the P&O Princess Cruises Pension Scheme (the “Scheme”). Prior to this date, the Scheme was governed by an alternative corporate trustee, P&O Princess Cruises Pension Trustee Limited. References to the “Trustee” within this Statement relate either to the Ross Trustees or the P&O Princess Cruises Pension Trustee Limited, as appropriate.

This Statement has been prepared by the Trustee of the Scheme to demonstrate how the Scheme has complied with the governance standards introduced under The Occupational Pension Schemes (Charges and Governance) Regulations 2015 in relation to:

1. Providing a default investment arrangement for members (the “default arrangement”)
2. The performance of the Scheme’s DC investment options net of charges
3. Processing financial transactions promptly and accurately
4. Details and impact of charges and transaction costs borne by members
5. Assessment of the value members received from being a member of the Scheme
6. Meeting the requirements for trustees’ knowledge and understanding

The period this Statement covers is the Scheme year from 1 April 2021 to 31 March 2022 (“the reporting period”).

This Statement relates to the Defined Contribution Section (the “DC Section”) of the Scheme administered by Scottish Widows and the Additional Voluntary Contribution (“AVC”) benefits under the Defined Benefit Section of the Scheme which are held with Standard Life. Both arrangements are closed to new joiners. The DC Section remains open to contributions.

The Trustee believes that it has taken the necessary steps to ensure compliance with the governance standards.

A copy of this document has been published on a publicly accessible website and can be found at <https://www.pocruises.com/legal-and-privacy/pensions>.

Investment

General investment principles

The Trustee's main investment objectives are to:

- Provide members with a diversified fund range designed so members have the freedom to structure their investments to suit their individual risk, return, liquidity and funding requirements; and
- Ensure that each individual fund option is suitably invested and managed to maximise the return commensurate with an acceptable level of risk.

The Trustee aims to meet these objectives by:

- Identifying appropriate investment managers;
- Providing a range of investment options which aim to meet members differing personal investment requirements throughout their membership and have sufficient investment choice to satisfy their differing risk appetites and risk profiles;
- Monitoring the investment funds that are made available to members;
- Setting a general investment policy but delegating the responsibility for selection of specific investments to the investment managers; and
- Seeking advice, as appropriate, from the Scheme's advisers.

A copy of the Scheme's DC Statement of Investment Principles ("SIP") is included in Appendix D. The SIP can also be found online at <https://www.pocruises.com/legal-and-privacy/pensions>.

The default arrangement

The Trustee selected a default arrangement for members who did not make an active investment decision when the DC Section opened on 1 June 2016. The default arrangement is the [Drawdown-Focused Lifestyle Strategy](#).

The objective of the default arrangement is to generate capital growth over the long term through investing in a diversified portfolio that provides an appropriate balance between risk and return. The strategy invests in a diversified fund during the growth phase when members are further from retirement. In the five years prior to retirement, the default arrangement aims to reduce the volatility of the member's expected pension fund by partially switching some of the investments into bonds, gilts and cash gradually over the five-year period. At a member's target retirement date, there is a 70% allocation to a diversified fund, 15% allocation to bonds and 15% allocation to cash. The default arrangement is designed for those members looking to use their DC

Section benefits to maintain investment growth at retirement age and move to a drawdown arrangement which allows members to take income as and when required.

The Trustee is required to review the default arrangement every three years, or sooner if there has been a material change to the Scheme, membership or investment policy. The last formal strategic review of the default arrangement was undertaken and agreed by the Trustee on 11 December 2019. The review considered both the appropriateness of the structure of the default arrangement and an assessment of the component funds. Comprehensive details of the review were documented in the Chair's Statement covering the period in which the review took place. Following the review, the Trustee concluded that the default arrangement remained appropriate with no changes required.

Following a change to the contribution structure in December 2020, the Trustee undertook an interim review of the default arrangement focusing on how the changes may have impacted the profile of the membership and whether the default arrangement continued to remain appropriate within this context. This review was undertaken on 12 March 2021 and the Trustee concluded that the current default arrangement continued to remain appropriate following the change in contribution structure and no changes to the default arrangement were required. Comprehensive details of the review were documented in the Chair's Statement covering the period in which the review took place.

The next full strategic review of the default arrangement is due to be undertaken in December 2022. Further details will be provided in the Chair's Statement covering the 2022 – 2023 Scheme year.

Other default arrangements – AVCs with Standard Life

Whilst there was no default arrangement in place for members of the Defined Benefit Section of the Scheme who paid AVCs into the Trustee's AVC policy with Standard Life, there was an investment change undertaken in 2013, whereby the Trustee decided to close a number of funds to new contributions. Members contributing into these funds had their contributions automatically redirected into the Standard Life Deposit and Treasury Pension Fund unless they made an active investment decision. Therefore, this fund is defined as a default arrangement for the purposes of this Statement and is identified as such in the 'Charges and transaction costs' section of this Statement.

The Trustee last reviewed the AVC funds including the Standard Life Deposit and Treasury Pension Fund in December 2019. The Trustee considered the profile of members with investments with Standard Life and the quality and long-term performance of the Standard Life funds. The review concluded that although there were no significant issues with the current arrangement with Standard Life, there may be alternative options that would provide greater value for members. . The Trustee identified several practical constraints of moving the AVC assets away from the current arrangement but agreed to consider its options further over time. Having been largely focused on its Scheme wide priorities, particularly those resulting from the COVID-19 pandemic, the Trustee has now set a timeline for reviewing the AVCs and intends to do this during the

second half of the 2022 – 2023 Scheme year. The outcome of this review will be provided in the Chair's Statement covering the 2022 – 2023 Scheme year.

Investment monitoring

The Trustee delegates day-to-day investment oversight of the DC Section and AVCs, respectively, to Scottish Widows and Standard Life (as the investment platform providers), and it has separate specialist advisers providing specific investment advice and strategic guidance as and when required.

The Trustee reviews the net performance of the funds, including those underlying the default arrangements, formally each quarter against their objectives and benchmarks. This is undertaken on a proportionate basis focusing on the funds which hold the greatest proportion of assets within the Scheme. On occasions, the Trustee may decide, having obtained investment advice, to alter the range of investment funds available to members. No changes to any of the investment funds were made during the reporting period.

In 2021, the former Trustee agreed to put in place a framework to monitor how the investment managers consider Environmental, Social and Governance (“ESG”) factors in their management of the funds, including their voting and engagement behaviour. The Trustee received its first report of the managers' ESG related policies and activities during the reporting period. This review focused on L&G alongside specific analysis of the Diversified Fund which holds c.95% of the DC assets under the Scheme. The Trustee anticipates reviewing its ESG policies during the 2022 – 2023 Scheme year.

The outcome of this review, and further details on how the Trustee implemented its investment policies over the reporting period, can be found in the Scheme's DC Implementation Statement, available at the following address: <https://www.pocruises.com/legal-and-privacy/pensions>.

Net investment returns

The Trustee is required to set out the investment returns of the Scheme's DC funds net of any charges over the reporting period. In reporting the investment returns, the Trustee has reviewed and taken account of the DWP's Statutory Guidance in this area. Based on the information reported in this section, the Trustee is satisfied that investment performance remains consistent with the aims and objectives stated in the SIP.

Default arrangement

Members in the Scheme's default arrangement are in the [Drawdown-Focused Lifestyle Strategy](#) which invests in several underlying funds, the proportion of assets in each depending on the number of years until the member's Target Retirement Age (TRA).

Members are able to choose their own TRA, however we have provided the investment returns at a range of ages based on a TRA of 60 (which is the Normal Retirement Age for the majority of DC members). The

performance information has been derived from the proportion of assets invested in each underlying fund at that age.

	Name	5 years (% pa)		1 year (%)	
		Fund	BM	Fund	BM
Default arrangement	Drawdown Focused Lifestyle – age 25	5.3	4.1	5.9	3.9
	Drawdown Focused Lifestyle – age 45	5.3	4.1	5.9	3.9
	Drawdown Focused Lifestyle – age 55	5.3	4.1	5.9	3.9

Please see the notes section below for supporting information

Alternative lifestyle strategies

The Trustee offers two alternative lifestyle strategies targeting annuity purchase and short-term cash withdrawal at retirement respectively. These strategies invest in several underlying funds, the proportion of assets in each depending on the number of years until the member's TRA.

As in the previous section, we have provided the investment returns at a range of ages based on a TRA of 60. Please note that the performance is the same across the two alternative lifestyle strategies and so these have not been reported separately.

	Name	5 years (% pa)		1 year (%)	
		Fund	BM	Fund	BM
Self-select options	Alternative lifestyle strategies – age 25	5.3	4.1	5.9	3.9
	Alternative lifestyle strategies – age 45	5.3	4.1	5.9	3.9
	Alternative lifestyle strategies – age 55	5.3	4.1	5.9	3.9

Please see the notes section below for supporting information

Self-select fund range

The Trustee also offers a range of alternative funds for members to self-select from, all of which are also component funds in the alternative lifestyle strategies. These funds have varying asset allocations depending on their overall strategy. As in the previous section, we have provided the investment returns at a range of ages based on a TRA of 60.

	Name	5 years (% pa)		1 year (%)	
		Fund	BM	Fund	BM
Self-select options	SW Legal & General Diversified Fund	5.3	4.1	5.9	3.9
	SW BlackRock 30/70 Currency Hedged Global Equity Index Fund	8.9	9.3	10.1	10.9
	SW Aquila Emerging Markets Equity Index Fund	4.4	4.8	-8.0	-7.4
	SW L&G Pre-Retirement Fund	1.3	1.4	-7.0	-7.0
	SW BlackRock Sterling Liquidity Fund	0.2	0.3	-0.1	0.1

Please see the notes section below for supporting information

Notes

BM = Benchmark. Please note that the benchmark the Trustee has reported for the L&G Diversified Fund is the investment manager's target of achieving returns in line with 'Bank of England Base Rate + 3.75% p.a.' over the long term. This is different to the equity comparator reported by Scottish Widows on the fund factsheet, however the Trustee believes this is a more appropriate measure by which to assess the fund.

Performance information has been provided by Scottish Widows. Benchmark data has been provided by Scottish Widows with the exception of the L&G Diversified Fund which has been sourced from L&G.

Scottish Widows has not provided net investment performance information for the BlackRock Over 5 Year Index Linked Gilts Fund as there were no members invested in this fund during the reporting period.

Information relating to the Standard Life AVC funds is contained in [Appendix A](#).

Please refer to the fund factsheets for further details on the funds including their underlying holding, risk profile and performance benchmarks. These can be found on the Scottish Widows website at the following address: <https://www.scottishwidows.co.uk/save/pop/> ('Your pension choices' → 'pension funds') and on the Standard Life website for the AVC funds: <https://www.standardlife.co.uk/pensions/workplace-pension>.

Financial Transactions

The Trustee regularly monitors the core financial transactions of the Scheme. These include the investment of contributions, transfers into and out of the Scheme, fund switches and payments out of the Scheme. This is achieved through having appropriate Service Level Agreements ("SLAs") in place with the administrators, reviewing administration reports at quarterly Trustee meetings and having a process for raising and escalating any administration issues identified through the Trustee's monitoring process.

DC Section – Scottish Widows

The Trustee delegates the administration of the DC Section of the Scheme to Scottish Widows.

The Trustee has SLAs in place with Scottish Widows. These are the Trustee's expectations for the promptness of processing administration tasks. The SLAs vary dependent on the task (ranging from one to two business days for time critical tasks such as investment switches and processing contributions and up to ten business days for non-time critical tasks such as more complex member enquiries).

Scottish Widows has processes in place to support meeting its SLAs such as a task logging system used to identify and prioritise core financial transactions, allocate tasks and manage workloads. Additionally, Straight Through Processing ("STP") is used on all core transactions which helps ensure tasks are processed accurately and quickly.

Scottish Widows provides quarterly administration reports which includes details of performance against SLAs. This allows the Trustee to monitor performance against the SLAs at each quarterly Trustee meeting to ensure administration tasks (including core financial transactions) are being processed in a timely manner.

Scottish Widows has reported that 80% of time critical processes were processed within the agreed SLAs during the period (8 out of 10 tasks). Scottish Widows has confirmed that where any time critical processing has been delayed, action has been taken to ensure the member is not disadvantaged, with any necessary adjustments made to their policy value to avoid any detriment.

In relation to manually processed non-time critical tasks, on average 92% were processed within the agreed SLAs (72 out of 78 tasks). This is an increase compared with last year when 84% of tasks were completed on time.

The Trustee acknowledges that the COVID-19 pandemic caused considerable challenge for many service providers, including Scottish Widows, leading to longer turnaround times at the start of the reporting period as well as a backlog of delayed cases. However, thanks to large scale recruitment carried out in H2 2021, the overall service level from Scottish Widows has steadily improved over the year, with previously delayed cases all being cleared and an increase in quarterly SLA. In Q4 of the reporting period, Scottish Widows achieved 100% of all time critical and non-time critical tasks within SLA, and this level of performance is expected to continue in the next Scheme year.

Scottish Widows has also confirmed that there were no member complaints received over the period.

In addition to monitoring administration performance, the Trustee also satisfied itself that core financial transactions were processed promptly and accurately by:

- Ensuring appropriate documentation was in place recording payments in and out of the Scheme;
- Reviewing the accuracy of the Scheme's Common and Scheme-specific data on a regular basis to ensure that financial transactions are processed promptly and accurately; and
- Ensuring Scottish Widows has in place appropriate internal processes and controls which includes the checking and reconciliation of investment and banking transactions.

AVCs – Standard Life

Standard Life aims to process 90% of all transactions within ten working days – this is the SLA the Trustee has in place with Standard Life.

There were a small number of limited administration tasks undertaken over the period. In total, 90% of these were completed within the SLA (18 out of 20 tasks).

No administration issues were identified during the reporting period.

Wider oversight

The Trustee appoints an independent auditor to audit the Scheme's accounts, which includes an audit of the payments into and out of the Scheme. As at the date of signing this Statement, the audit of the Scheme's accounts in relation to the reporting period is underway.

Conclusion

Based on the above, the Trustee is satisfied that the Scheme's core financial transactions have been processed promptly and accurately during the Scheme year.

Charges and Transaction Costs

The Total Expense Ratio ("TER") applied to the funds available for selection by members of the Scheme are set out in the tables overleaf, all to two decimal places. TER is a measure of the costs associated with managing and operating an investment fund. These costs consist primarily of Annual Management Charges ("AMCs") and variable additional expenses such as trading, legal and auditor fees and other operational expenses.

Transaction costs are those incurred by the investment managers as a result of buying, selling, lending or borrowing investments and are usually taken into account via the unit price for each of the funds. The Financial Conduct Authority ("FCA") has set out a specific method for providers and managers to calculate transaction costs and they are typically categorised as being explicit costs or implicit costs:

- **Explicit costs** are directly observable and include broker commissions and taxes.
- **Implicit costs** cannot be observed in the same way but occur, for example, where the price on placing a trade instruction is different to the price paid when the trade is executed. This can also lead to 'negative' transaction costs or small 'gains' where the price when placing a trade instruction is higher than the price when the actual trade is executed.

Please note a zero cost has been reported where there has been a negative transaction cost (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one Scheme year may not accurately represent the actual transaction costs a member may expect to see in any future Scheme year.

Default arrangement – Scottish Widows

The charges applied to the funds over the reporting period that make up the Scheme’s default arrangement with Scottish Widows are as follows:

	Fund	Fund charges (% p.a.)					T-cost (%)
		AMC	+	Add exp.	=	TER	
Default arrangement	SW L&G Diversified Fund	0.46	+	0.02	=	0.48	0.00
	SW L&G Pre-Retirement Fund	0.31	+	0.00	=	0.31	0.00
	SW BlackRock Sterling Liquidity	0.27	+	0.00	=	0.27	0.02

T-cost = transaction cost

Members are invested in these funds in varying proportions depending on their term to retirement. The maximum TER for the default arrangement is 0.48% p.a.

Alternative lifestyle strategies and self-select fund range – Scottish Widows

The charges applied to the self-select fund range (which are also component funds in the alternative lifestyle strategies) are shown in the table below:

	Fund	Fund charges (% p.a.)					T-cost (%)
		AMC	+	Add exp.	=	TER	
Self-select options	SW L&G Diversified Fund	0.46	+	0.02	=	0.48	0.00
	SW BlackRock 30/70 Currency Hedged Global Equity Index Fund	0.33	+	0.01	=	0.34	0.03
	SW Aquila Emerging Markets Equity Index Fund	0.42	+	0.05	=	0.47	0.00
	SW L&G Pre-Retirement Fund	0.31	+	0.00	=	0.31	0.00
	SW BlackRock Sterling Liquidity	0.27	+	0.00	=	0.27	0.02

T-cost = transaction cost

This table only includes funds in which members have chosen to invest during the period and all of the above charges are shown as at 31 March 2022. The transaction costs reported are all in respect of the period 1 April 2021 to 31 March 2022.

Standard Life AVCs

The level of charges applying to the Standard Life AVC funds during the reporting period, including the Standard Life Deposit and Treasury Fund (classified as a default arrangement for the purposes of this Statement) are set out in [Appendix B](#).

Illustrations of costs and charges

The Trustee has taken into account the statutory guidance which requires trustees to provide an illustration comparing the cumulative effects of costs and charges on example members' funds. The illustrations and corresponding information can be found in [Appendix C](#).

Value for Members

The Trustee is committed to ensuring that members receive good value for the services that are provided under the Scheme, in particular those services that are paid for by the members themselves.

The Trustee's adviser – WTW – undertakes an annual 'Value for Members' assessment, taking into account the guidance provided by the DWP and The Pensions Regulator, which is considered by the Trustee in advance of preparing this Statement.

The latest assessment was undertaken by WTW in July 2022 covering the reporting period to which this statement relates. The assessment considered the following broad areas which are aligned to the DWP's latest guidance:

1. The level of charges paid by members compared to other similar schemes;
2. The performance of the Scheme's DC funds net of charges; and
3. The scope and quality of the services members receive.

Assessment conclusion – DC Section

The assessment compared the overall cost members bear against a number of comparators including similarly structured plans and the wider market. This comparison showed the charges members pay in the Scheme's default arrangement, to be broadly in line with the market average, in particular taking into account the size of the Scheme and sophistication of the investment strategy. The assessment also included benchmarking information in order to understand whether or not the transaction costs are reasonable compared to those of other similar DC funds in the same asset class. The assessment concluded that the transaction costs over the period for the funds were reasonable relative to the average transaction costs for similar types of investments.

Investment returns net of fees (as reported earlier in this statement) are a key influence in the overall value members receive. The L&G Diversified Fund holds the vast majority of DC assets and is a key component of

the default arrangement. This fund has exceeded its target of achieving a rate of the Bank of England Base Rate + 3.75% p.a. over the long term. Additionally, the fund has achieved this return at a volatility of around half of that of a pure global equity fund. The remainder of the Scheme's funds have all performed broadly in line with expectations.

The assessment also considered the services offered by the Scheme with a particular focus on those that members pay for, such as the administration provision and communications provided by Scottish Widows.

WTW concluded that the overall value provided to members continued to be 'good' (the highest rating) based on the services members receive for the charges incurred.

The Trustee also acknowledged that there are a number of significant features of the Scheme that members do not pay for. Although this is outside of the scope of the Value for Members assessment, it is important to highlight the following which the Trustee believes adds value for members of the Scheme:

- The design of the investment options including a default arrangement which has been designed based on detailed membership analysis and aims to meet the needs of Scheme members;
- Provision of a focused selection of funds through managers well rated by WTW; and
- The introduction of a professional corporate sole trustee with detailed knowledge, extensive experience and ability to leverage wider resources in its governance of the Scheme including best practice approaches and specialist support.

The Trustee discussed the report from WTW at its meeting on 15 September 2022 and concluded that the Scheme provides good value for members. In particular:

- the investment funds have performed in line with their respective benchmarks;
- the LGIM Diversified Fund - the core component of the default strategy - has achieved its return target albeit using less volatility than the target allows for;
- transaction costs borne by members are in line with the market average; and
- whilst the administration service was impacted by COVID-19, the Scheme's core financial transactions have been processed promptly and accurately during the reporting period and SW have taken appropriate steps to return to normal operating levels by the end of the year.

In addition, WTW as the DC adviser to the Scheme determined that the knowledge, experience and risk management oversight of the professional trustee provided value to members.

Assessment conclusion – AVCs

The Trustee reviewed the AVCs with Standard Life and concluded that the arrangement provided fair value for members based on the very limited services members require. No material investment or administration

issues were identified and charges were broadly in line with expectations based on the size of the arrangement.

As noted earlier in this Statement, the Trustee will be carrying out a more detailed review of the AVC investment fund options later in 2022.

Trustee Knowledge and Understanding (TKU)

Ross Trustees Services Limited was appointed in June 2021 as professional corporate sole trustee.

Ross Trustees is audited annually by the Audit and Assurance Faculty (AAF) and is currently AAF 02/07 accredited, which confirms that the processes adopted by Ross Trustees to govern schemes are appropriate. This includes providing regular training opportunities to all members of staff.

Ross Trustees delegates responsibility for governing the Scheme to two professional trustees, both of whom are accredited with the Association of Professional Pension Trustees (“APPT”) and supported by a broad, multi-disciplined and experienced team of pensions professionals.

To maintain accreditation with the APPT, the professional trustees are required to undergo regular training, and provide the APPT with a log of their training and CPD (Continual Professional Development) record over the preceding year.

On 16 March 2021 the Company appointed Grant Suckling of Ross Trustees, as a professional trustee to Chair the Scheme. Grant Suckling remained as Chair of the Scheme when the former Trustee and the Company decided to move to a professional corporate sole trustee model. Ross Trustees has a formal take-on process with all new scheme appointments, to ensure that the professional trustees delegated to the Scheme build a working knowledge of the key documents relating to the Scheme, its Trust Deed and Rules and SIP. During the reporting period, the Trustee completed an assessment of their compliance with the new draft single code of practice (the “single code”). This assessment considered the extent to which the Trustee has adopted policies and processes expected by the single code, when these were last reviewed, and how these are utilised by the Trustee. The Trustee has developed a plan to address any gaps identified from the assessment, which will continue into the next Scheme year.

Statement of compliance

On behalf of the Trustee of the P&O Princess Cruises Pension Scheme, I confirm that the Trustee is of the view that the Scheme has met and exceeded the minimum governance standards as defined in the Occupational Pension Scheme (Charges and Governance) Regulations 2015 during the period 1 April 2021 to 31 March 2022.

The Trustee has also reviewed the requirements and expectations set out in the Pensions Regulator's DC Code of Practice (July 2016) as they relate to the Scheme and will continue to monitor adherence on an ongoing basis.

Signed:

Date: 16th September 2022

Chair

P&O Princess Cruises Pension Scheme

Appendix A

Net investment returns – Standard Life AVCs

The net performance of the AVC fund range with Standard Life is set out below. The table only includes funds in which members of the Scheme have chosen to invest (during the reporting period):

Default arrangement (for the purposes of this statement)

	Name	20 years (% pa)	15 years (% pa)	10 years (% pa)	5 years (% pa)	1 year (%)
Default	Standard Life Deposit and Treasury Fund	-	-	-0.2	-0.2	-0.5

Self-select AVC funds

	Name	20 years (% pa)	15 years (% pa)	10 years (% pa)	5 years (% pa)	1 year (%)
Self-select options	Standard Life Deposit and Treasury Fund	-	-	-0.2	-0.2	-0.5
	SL BlackRock Managed (50:50) Global Equity Pension Fund	-	6.7	9.0	6.5	10.6
	Standard Life Managed Pension Fund	6.3	5.6	7.2	5.1	5.5
	SL BlackRock ACS World ex UK Equity Tracker Pension Fund	-	10.1	13.4	11.5	15.7
	Standard Life Stock Exchange Fund	-	7.1	9.2	6.7	7.9
	Standard Life Long Corporate Bond Fund	-	5.2	5.2	1.8	-7.8
	Standard Life Far East Equity Pension Fund	-	7.2	8.5	6.0	-4.5
	SL iShares UK Equity Index Pension Fund	-	4.8	6.6	4.2	12.6
	Standard Life International Equity Fund	8.0	8.6	11.2	8.8	9.9
	Standard Life Property Pension Fund	-	2.7	6.4	5.9	23.6
	Standard Life At Retirement (Multi Asset Universal) Pension Fund	-	5.4	4.0	2.4	1.4
	Standard Life Ethical Pension Fund	6.9	5.4	7.5	4.5	-3.1
	Standard Life FTSE Tracker Pension Fund	-	4.7	6.5	4.1	12.4
	Standard Life Japanese Equity Fund	-	4.7	8.8	5.3	-1.1
	Standard Life Money Market Pension Fund	1.6	0.8	0.1	0.0	-0.4
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	-	5.1	5.4	3.2	2.9	
Standard Life UK Equity Pension Fund	5.4	4.0	6.2	2.8	10.4	

Notes

Performance information has been provided by Standard Life. No benchmark data was provided. No blended lifestyle performance was provided for the AVC lifestyle strategy.

Please refer to the fund factsheets for further details on the funds including their underlying holding, risk profile and performance benchmarks. These can be found on the Standard Life website:

<https://www.standardlife.co.uk/pensions/workplace-pension>.

There are a number of with-profits funds in which some members are invested. These funds do not provide returns in the same way as a typical unit linked DC fund, however annual bonuses are awarded depending on the performance of the underlying funds alongside other more complex factors. For more information on these funds, please visit the Standard Life website at: <https://www.standardlife.co.uk/investments/funds/with-profits-information#guides>.

Appendix B

Charges and transaction costs – Standard Life AVCs

The AVC fund range with Standard Life and the accompanying charges are set out below. The tables only include funds in which members of the Scheme have chosen to invest:

Default arrangement (for the purposes of this statement)

	Fund	Fund charges (% p.a.)				T-cost (%)
		AMC	+	Add exp.	= TER	
Default	Standard Life Deposit and Treasury Pension Fund	0.60	+	0.01	= 0.61	0.02

Self-select AVC funds

	Fund	Fund charges (% p.a.)				T-cost (%)
		AMC	+	Add exp.	= TER	
Self-select options	Standard Life Deposit and Treasury Fund	0.60	+	0.01	= 0.61	0.02
	SL BlackRock Managed (50:50) Global Equity Pension Fund	0.60	+	0.02	= 0.62	0.07
	Standard Life Managed Pension Fund	0.60	+	0.02	= 0.62	0.12
	SL BlackRock ACS World ex UK Equity Tracker Pension Fund	0.60	+	0.01	= 0.61	0.03
	Standard Life Stock Exchange Fund	0.60	+	0.03	= 0.63	0.13
	Standard Life Long Corporate Bond Fund	0.60	+	0.01	= 0.61	0.08
	Standard Life Far East Equity Pension Fund	0.60	+	0.08	= 0.68	0.15
	SL iShares UK Equity Index Pension Fund	0.60	+	0.01	= 0.61	0.18
	Standard Life International Equity Fund	0.60	+	0.02	= 0.62	0.12
	Standard Life Property Pension Fund	0.60	+	0.03	= 0.63	0.24
	Standard Life At Retirement (Multi Asset Universal) Pension Fund	0.60	+	0.04	= 0.64	0.16
	Standard Life Ethical Pension Fund	0.60	+	0.01	= 0.61	0.06
	Standard Life FTSE Tracker Pension Fund	0.60	+	0.01	= 0.61	0.03
	Standard Life Japanese Equity Fund	0.60	+	0.02	= 0.62	0.19
	Standard Life Money Market Pension Fund	0.60	+	0.01	= 0.61	0.00
Standard Life Multi Asset Managed (20-60% Shares) Pension Fund	0.60	+	0.02	= 0.62	0.16	
Standard Life UK Equity Pension Fund	0.60	+	0.01	= 0.61	0.41	

Notes

T-cost = transaction cost.

There are a number of with-profits funds in which some members are invested. For these funds, there is no explicit charge, however these are taken into account when Standard Life calculates the annual bonus.

Standard Life have confirmed transaction costs of 0.11% for the Pension With Profits Fund and 0.15% for both the Pension Millennium With Profits Fund and the Pension Millennium With Profits 2006 Fund.

Appendix C

Illustrations of costs and charges

The tables on the following pages have been produced by Scottish Widows to show the compounding effect of costs and charges over time based on a range of funds available under the Scheme. The Trustee is required to include this information in the Chair's Statement and the relevant statutory guidance from the DWP has been taken into account when producing these illustrations.

The tables should be read in conjunction with the notes underneath. It is also important to note that the illustrations are purely shown to convey the impact of costs and charges over time and are in no way guarantees of the level of returns that may be achieved through investing in the representative funds.

P&O Princess Cruises Pension Scheme

Classification: Public

Pension Scheme Illustrative Example With contributions

Scheme: **P&O PRINCESS CRUISES PENSION SCHEME**

Projected pension pot in today's money: Starting Fund £75,000. Starting Contributions £950pm.

The table shows the development of the projected pension pot over time before and after charges for members of any age assuming the pension pot is invested fully in the fund shown.

The illustrations shown below are for a representative selection of the funds members may invest in. They were selected to reflect the range of projected returns and charges for the available funds. Note that these are not necessarily the funds that make up the default lifestyle strategy. The funds are chosen as follows:

1. Lowest charges
2. Highest net return
3. Lowest return
4. Highest charges

In cases where one fund meets two criteria, another fund will also be included so that there are always four funds in the illustration.

For the Default Lifestyle Strategy the development of the projected pension pot depends on the member's current age because the mix of funds changes as the member approaches retirement. Given this, we have also provided a second table showing illustrations of the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifestyle Strategy.

Fund choice

Years	SW BlackRock IL Over 5 Year Gilt Index CS1		SW BlackRock 30/70 Curr Hdg Global Equity Ind CS1		SW BlackRock Sterling Liquidity CS1		SW Legal & General Diversified CS2	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	85,500	85,200	88,200	87,900	85,000	84,800	86,200	85,800
3	106,000	105,000	115,000	114,000	104,000	104,000	108,000	107,000
5	126,000	125,000	144,000	142,000	124,000	122,000	131,000	128,000
10	175,000	171,000	222,000	217,000	169,000	166,000	187,000	181,000
15	222,000	216,000	311,000	299,000	211,000	206,000	243,000	232,000
20	267,000	257,000	411,000	391,000	251,000	243,000	299,000	282,000

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 60
3. The starting pot size is assumed to be £75,000.
4. The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £950 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
 - SW BlackRock IL Over 5 Year Gilt Index CS1: 1.0% below inflation
 - SW BlackRock 30/70 Curr Hdg Global Equity Ind CS1: 2.4% above inflation
 - SW BlackRock Sterling Liquidity CS1: 1.5% below inflation
 - SW Legal & General Diversified CS2: 0.0% above inflation
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

P&O Princess Cruises Pension Scheme

Classification: Public.

Pension Scheme Illustrative Example With contributions. Default Lifestyle Strategy

Scheme: P&O PRINCESS CRUISES PENSION SCHEME

Projected pension pot in today's money: Starting Fund £75,000. Starting Contributions £950pm. Invested in the Default Lifestyle strategy.

This table shows the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifestyle Strategy.

For the Default Lifestyle Strategy the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

For non-lifestyle investments the projected pension pot does not depend on the starting age and develops as shown in the first table.

Years	Age Now 55		Age Now 50		Age Now 40	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	86,200	85,800	86,200	85,800	86,200	85,800
3	108,000	107,000	108,000	107,000	108,000	107,000
5	130,000	128,000	131,000	128,000	131,000	128,000
10			186,000	180,000	187,000	181,000
15					243,000	232,000
20					297,000	280,000

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 60
3. The starting pot size is assumed to be £75,000.
4. The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. Gross contributions of £950 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.5% per year.
6. Values shown are estimates and are not guaranteed.
7. For the default lifestyle strategy the projected growth rate varies over time as the funds invested in change.

The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement:

Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Years to Retirement	Projected Growth Rate (Average)	
1	0.40%	Below inflation
3	0.30%	Below inflation
5	0.20%	Below inflation
10	0.20%	Below inflation
15	0.10%	Below inflation
20	0.10%	Below inflation

P&O Princess Cruises Pension Scheme

Classification: Public

Pension Scheme Illustrative Example Paid Up

Scheme: P&O PRINCESS CRUISES PENSION SCHEME

Projected pension pot in today's money: Starting Fund £75,000. No further contributions.

The table shows the development of the projected pension pot over time before and after charges for members of any age assuming the pension pot is invested fully in the fund shown.

The illustrations shown below are for a representative selection of the funds members may invest in. They were selected to reflect the range of projected returns and charges for the available funds. Note that these are not necessarily the funds that make up the default lifestyle strategy. The funds are chosen as follows:

1. Lowest charges
2. Highest net return
3. Lowest return
4. Highest charges

In cases where one fund meets two criteria, another fund will also be included so that there are always four funds in the illustration.

For the Default Lifestyle Strategy the development of the projected pension pot depends on the member's current age because the mix of funds changes as the member approaches retirement. Given this, we have also provided a second table showing illustrations of the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifestyle Strategy.

Fund choice

Years	SW BlackRock IL Over 5 Year Gilt Index CS1		SW BlackRock 30/70 Curr Hdg Global Equity Ind CS1		SW BlackRock Sterling Liquidity CS1		SW Legal & General Diversified CS2	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	74,300	74,000	76,800	76,500	73,900	73,700	74,900	74,600
3	72,900	72,200	80,600	79,700	71,700	71,100	74,900	73,900
5	71,500	70,400	84,700	83,100	69,700	68,700	74,900	73,200
10	68,300	66,100	95,700	92,200	64,800	63,000	74,900	71,400
15	65,200	62,100	108,000	102,000	60,200	57,700	74,900	69,700
20	62,200	58,400	122,000	113,000	56,000	52,900	74,900	68,100

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 60
3. The starting pot size is assumed to be £75,000.
4. The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
 - SW BlackRock IL Over 5 Year Gilt Index CS1: 1.0% below inflation
 - SW BlackRock 30/70 Curr Hdg Global Equity Ind CS1: 2.4% above inflation
 - SW BlackRock Sterling Liquidity CS1: 1.5% below inflation
 - SW Legal & General Diversified CS2: 0.0% above inflation
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.

P&O Princess Cruises Pension Scheme

Classification: Public

Pension Scheme Illustrative Example Paid up. Default Lifestyle Strategy

Scheme: P&O PRINCESS CRUISES PENSION SCHEME

Projected pension pot in today's money: Starting Fund £75,000. No further contributions. Invested in the Default Lifestyle strategy.

This table shows the development of the projected pot size over time for a sample of ages assuming the pension pot is invested in the Default Lifestyle Strategy.

For the Default Lifestyle Strategy the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement.

For non-lifestyle investments the projected pension pot does not depend on the starting age and develops as shown in the first table.

Years	Age Now 55		Age Now 50		Age Now 40	
	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
1	74,900	74,600	74,900	74,600	74,900	74,600
3	74,700	73,700	74,900	73,900	74,900	73,900
5	74,300	72,600	74,900	73,200	74,900	73,200
10			74,300	70,900	74,900	71,400
15					74,900	69,700
20					74,300	67,600

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 60
3. The starting pot size is assumed to be £75,000.
4. The assumptions used in this illustration follow the Financial Reporting Council's AS TM1 guidance. Inflation is assumed to be 2.5% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. For the default lifestyle strategy the projected growth rate varies over time as the funds invested in change.

The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement:

Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it is noted that higher risk funds will provide higher illustrative returns.

Years to Retirement	Projected Growth Rate (Average)	
1	0.40%	Below inflation
3	0.30%	Below inflation
5	0.20%	Below inflation
10	0.10%	Below inflation
15	0.10%	Below inflation
20	0.10%	Below inflation

Appendix D

DC Statement of Investment Principles (SIP)

The DC SIP is contained on the following pages.