Defined Contribution (DC) Implementation Statement

Covering period 1 April 2023 – 31 March 2024

Introduction

This document is the annual Implementation Statement (the "Statement") prepared by the Trustee of the Scheme covering the year 1 April 2023 to 31 March 2024 (the "reporting period"). The purpose of this Statement is to:

1. Detail any reviews of the DC Statement of Investment Principles (the "DC SIP") the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review;
2. Set out the extent to which, in the opinion of the Trustee, the Scheme's DC SIP required under section 35 of the Pensions Act 1995 has been followed during the year; and
3. Describe the voting behaviour by, or on behalf of, the Trustee over the year.

This Statement relates to the Defined Contribution Section ("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 (collectively referred to as the "DC Investments"). Both arrangements are closed to new joiners. A separate statement has been produced in relation to the Defined Benefit ("DB") assets.

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.

Review and changes to the DC SIP

The DC SIP sets out the investment principles and practices the Trustee follows when governing the Scheme's DC Investments. It explains the different objectives and risks of the DC funds and the Trustee's approach to responsible investing (including climate change).

A limited review of the DC SIP was undertaken during the reporting period and the SIP was updated on 29 September 2023. The Trustee made the following changes:

- Updated the Trustee's policy on sustainable investing to include the Trustee's key areas of focus which are **climate**, **nature** and **health** and how the Trustee monitors the investment managers against these areas (as well as broader ESG issues).

- Added details of the ESG focused fund which has been added to the fund range during the reporting period.
- Minor wording updates covering changes to fund names, charges and other small editorial updates.

The Trustee has undertaken a further review of the DC SIP after the end of the reporting period to cover the requirement to set out the Trustee's policy on illiquid assets and this will be reported in the next Implementation Statement.

Adherence to the DC SIP

This section of the Statement covers the extent to which the Trustee believes it has followed the DC SIP over the reporting period. As the vast majority of DC Investments are held within the DC Section, the Trustee has given due focus to this in its reporting.

Overall, the Trustee believes the policies outlined in the DC SIP have been adhered to during the reporting period. Further detail is included in a number of key areas which are set out below. These details relate to those parts of the DC SIP which set out the Trustee's policies, and not those which are statements of fact.

Investment strategy

The Scheme's main DC investment objectives are:

- To ensure the individual fund options are suitably invested and managed to maximise the return commensurate with an acceptable level of risk; and
- To provide members with a diversified range of investment options designed to give members the freedom to structure their own investment policy to suit their individual risk, return, liquidity and funding requirements.

To meet these objectives the Trustee offers members the choice of a range of self-select funds covering the key asset classes and three lifestyle strategies which aim to balance an appropriate level of risk and return depending on a member's time horizon until retirement. Each lifestyle strategy targets a different retirement objective (drawdown, annuity and cash lump sum). This gives members a diversified range of options to meet a range of investment needs and risk/return objectives.

For those members who did not make an active investment decision when the DC Section opened on 1 June 2016, the Trustee has selected the Drawdown Focused Lifestyle Strategy as the 'default' investment option under the Scheme. This was selected based on the profile of the membership including expected risk tolerance and retirement objectives.

The Trustee reviews the default investment option and self-select fund range at least every three years and the next review is scheduled to take place in Q4 2025.

Following the last strategic investment review, the Trustee made the decision to add an Environmental, Social and Governance ("ESG") focused option for members wishing to invest in a fund which explicitly integrates these principles at the heart of its objective. Following a selection process undertaken in conjunction with the Trustee's investment adviser, the Trustee selected the LGIM Future World Global Equity Index Fund which was introduced into the fund range from January 2024. This fund aims to track a global equity index which has been 'tilted' so the fund reduces its exposure to companies associated with poor ESG practices and provides greater exposure to those that are better positioned from an ESG perspective.

AVC review

Following the Trustee's detailed AVC review in 2022, the Trustee made the decision to close a number of funds which were either no longer aligned with the Trustee's investment beliefs or were no longer rated by the Trustee's investment adviser.

The following funds were closed as part of the changes:

- Balanced Managed Universal Lifestyle
- Standard Life Managed Pension Fund
- Standard Life Stock Exchange Pension Fund
- Standard Life Far East Equity Pension Fund
- Standard Life International Equity Fund
- Standard Life Property Fund

The changes took place in November 2023 and members with benefits in these funds had the opportunity to make their own investment selection (out of the AVC core fund range) before the changes were made. For those members who did not make an investment selection, their AVC benefits in the funds being closed were mapped based on the closest available funds within the core fund range, taking into account asset class and overall risk profile.

Expected risk and return

The Trustee recognises a range of specific investment risks to which DC members are exposed. These include 'Capital risk', 'Inflation risk', 'Manager risk', 'Pension conversion risk', 'Currency risk', 'Contribution shortfall risk', 'Political risk' and 'Liquidity risk'. These risks have been mitigated through careful consideration and construction of the investment strategy. The Trustee makes available a range of self-select funds with different characteristics, however it recognises that not all risks can be fully mitigated.

The expected risk and return profile of the DC Section fund range was considered in detail as part of the last investment strategy review and the review concluded that the default fund matched the broad risk profile of the membership, and the self-select options were also appropriate.

On behalf of the Trustee, Scottish Widows makes available an investment leaflet, listing the fund choices available to members in the DC Section and the total fund charge for each fund, and a detailed booklet containing key information on all the available funds, which includes an explanation of the risks associated with investing. Members are encouraged to review their investment decisions to ensure they are appropriate for their personal objectives.

Professional advice

The Trustee is aware of the requirement to take professional advice when setting and reviewing the DC investment strategy. The Trustee appoints an investment adviser at least on a triennial basis to review the default investment option, additional lifestyles and wider fund range.

Investment managers

The Trustee has selected the Scheme's DC investment options from a range of pooled funds which have been made available under the Scottish Widows platform (DC Section) and Standard Life (AVCs). This is a typical structure within a DC context. These pooled funds available under the Scottish Widows platform are managed by a number of third-party investment managers.

The overall suitability of the Scheme's investment managers is formally reviewed as part of the Trustee strategy reviews, with the most recent full strategy review having taken place in the 2022-2023 Scheme year.

Charges are benchmarked annually as part of the Trustee's assessment of 'value for members', the last of which was completed in Q3 2024 (for the period 1 April 2023 to 31 March 2024). As part of the fee benchmarking process the Trustee considered transaction costs (which result from portfolio turnover) and found that these were in line with market averages. The Trustee also noted that the DC funds are predominately passively managed and therefore the managers do not have discretion to deviate from the relevant benchmark and, consequently, manage the level of portfolio turnover.

Performance objectives and monitoring

The Trustee monitors the performance of the DC Section investment funds via a quarterly report prepared by Scottish Widows. This provides the Trustee with a breakdown of the performance of the funds against their respective benchmarks. The Trustee also considers long term performance of the funds as one element of the Scheme's triennial DC investment strategy review.

During the reporting period, the passive funds broadly performed in line with their indices with one small tracking deviation identified which has been raised with Scottish Widows for investigation.

The Trustee paid particular attention to the LGIM Diversified Fund during the reporting period. This fund is a key component within the default strategy under the DC Section and holds the vast majority of the Scheme's DC assets. The fund aims to achieve 'equity like' returns over the long-term at a lower volatility compared with a pure equity fund. The fund had not delivered returns in line with its equity comparator over 1,3 or 5 years. The Trustee assessed the fund alongside the market context and acknowledged that world equity returns had been largely driven by a small number of technology stocks in the USA. The LGIM Diversified

Fund invests in a wide range of assets and is more likely to underperform against world equities during periods of sustained equity growth. The Trustee also assessed the fund against its long-term target of 'Bank of England Base Rate + 3.75% p.a.' which the Trustee believes is a more accurate indicator of long term performance for this type of fund. The fund was close to achieving this target over 1 year and 5 years and was ahead of this target over a 10 year period. The Trustee also considered qualitative analysis from its investment adviser and concluded that the fund was built on strong fundamental principles and had delivered its returns with volatility broadly half of a pure equity fund. In addition, the Trustee recognises that pension saving generally has a long-term time horizon and the Trustee, therefore, focuses on longer-term performance when reviewing the funds.

The Trustee takes a proportionate approach to monitoring the AVCs with Standard Life given the small number of members with investments in these funds. No material investment performance issues were identified during the reporting period.

Based on the reviews carried out during the reporting period, the Trustee is satisfied that the performance of the investment funds remains consistent with their aims and objectives as set out in the DC SIP.

Environmental, Social and Governance ("ESG") Considerations

The Trustee has selected the Scheme's DC investment options from a range of pooled funds which have been made available under the Scottish Widows platform (DC Section) and Standard Life (AVCs). This is a typical structure within a DC context.

The Trustee's direct influence on the fund manager's policies is limited by the pooled nature of the DC Investments. The Trustee has therefore chosen to adopt an approach to ESG that is consistent with the opportunities and constraints of this position and this is reflected in the DC SIP.

The Trustee's policy is that day-to-day decisions relating to the investment of Scheme's DC assets (including ESG considerations) are left to the discretion of the investment managers. However, the Trustee recognises that long-term sustainability issues, including climate change, may have a material impact on investment risk and outcomes.

Therefore, the Trustee has a framework in place to monitor how the investment managers consider ESG factors in their management of the funds, including their voting and engagement behaviour. The Trustee uses this framework to undertake an annual assessment to ensure the management of the funds is aligned with the Trustee's sustainable investment beliefs.

The Trustee undertook its annual ESG assessment in December 2023 with support from its investment adviser. This exercise considered the sustainable investment and stewardship practices focusing on Legal & General as the investment manager holding the vast majority of DC assets within the Scheme. Specific analysis was undertaken in relation to the level of ESG integration within the L&G Diversified Fund which forms the key component of the Scheme's default arrangement.

Overall, the results of the assessment were positive including LGIM's approach and activities in relation to sustainable investment, for example its decarbonisation target, its approach to exclusions within the management of the fund such as investments relating to controversial weapons and its strengthened policies in areas such as diversity and remuneration. The assessment did not indicate any material misalignment between the management of the funds and the Trustee's ESG beliefs.

The L&G Diversified Fund benefits from LGIM's overarching sustainable investing framework, however, following the previous investment review the Trustee acknowledged that some members may wish to invest in a fund that has ESG integration at the heart of its objective. Therefore the Trustee introduced an ESG focused self-select fund as described earlier in this statement.

Voting and Engagement

As covered in the previous section, due to the structure of the investments (which is typical within a DC context), the Trustee has very limited influence on the investment managers' voting and engagement activities. However, when reviewing the investment managers, the Trustee will take account of their approach with respect to sustainable investing including voting policies and engagement to ensure they align with the Trustee's own ESG beliefs.

The Scheme's Investment Consultant, WTW, engages managers on areas for development, not least around resourcing, and improving the breadth and depth of corporate engagements.

In this section of the Statement, the Trustee has provided information on the voting and engagement activities of the Legal & General Investment Management (LGIM) as the Scheme's DC investment manager which holds the vast majority of DC assets. Data provided by LGIM covers the respective portfolios as a whole. Whether a vote is deemed "significant" has been defined by the underlying investment manager in the first instance. From the pool of significant votes provided by the manager the Trustee has extracted some of the key ESG-related votes, in particular, focusing on climate, nature and health to demonstrate the alignment between LGIM's activities and some of the Trustee's key areas of focus for the Scheme under the broader topic of responsible investing.

Please note that the Trustee has not reviewed voting and engagement data from BlackRock or Standard Life due to the small amount of assets invested in these funds.

Legal & General Investment Management (LGIM)

The Stewardship report for LGIM can be accessed at the following link:
https://www.lgim.com/uk/en/responsible-investing/investment-stewardship/.

A summary of the voting and engagement activities is provided in the table below. This focuses on the L&G Diversified Fund which holds the vast majority of DC Scheme assets. Further information on the manager's key voting activities is contained in the Appendix.

	Name	Voting activity	Examples of significant votes
Default arrangement	L&G Diversified Fund	**Number of resolutions where LGIM were eligible to vote:** 93,090 **Percentage of eligible resolutions that were voted on:** 99.79% **Percentage of votes cast which were against a Board's proposal:** 23.13%	**Shell PLC – *climate*** **Tencent Holdings Limited – *climate*** **Toyota Motor Corp – *climate*** **McDonald's Corporation – *health*** **Yum! Brands Inc – *nature***

Appendix

Voting and Engagement data

The Appendix provides additional detail on the voting and engagement activities for LGIM (including specific information in relation to the L&G Diversified Fund) over the reporting period. This information has been obtained via Scottish Widows.

Legal & General Investment Management Limited (LGIM)
Voting activities (L&G Diversified Fund): ▪ There were 93,090 eligible votes for the fund over the 12 months to 31 March 2024 ▪ The manager exercised 99.79% of its votes over the year ▪ 23.13% of votes were against management and 0.29% were abstained
What is LGIM's policy on consulting with clients before voting? LGIM's voting and engagement activities are driven by ESG professionals and their assessment of the requirements in these areas seeks to achieve the best outcome for all our clients. Our voting policies are reviewed annually and take into account feedback from our clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as we continue to develop our voting and engagement policies and define strategic priorities in the years ahead. We also take into account client feedback received at regular meetings and/ or ad-hoc comments or enquiries.
Please provide an overview of your process for deciding how to vote. All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

How, if at all, have you made use of proxy voting services over the year to 31 March 2024?

LGIM's Investment Stewardship team uses the Institutional Shareholder Services' (ISS) 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

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

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

What process did you follow for determining the "most significant" votes?

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

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

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

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

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

The vote information is updated on a daily basis and with a lag of one day after a shareholder meeting is held. We also provide the rationale for all votes cast against management, including votes of support to shareholder resolutions.

If you have any additional questions on specific votes, please note that LGIM publicly discloses its vote instructions on our website at: https://vds.issgovernance.com/vds/#/MjU2NQ==/.

Are you currently affected by any conflicts, across any of your holdings?

Please refer to the LGIM investment stewardship conflict of interest document at the following link: https://www.lgim.com/api/epi/documentlibrary/view?id=1116980ea5bf43fa9801c212be73f487&old=literature.html?cid=

Please include here any additional comments which you believe are relevant to your voting activities or processes
It is vital that the proxy voting services are regularly monitored and LGIM do this through quarterly due diligence meetings with ISS. Representatives from a range of departments attend these meetings, including the client relationship manager, research manager and custom voting manager. The meetings have a standing agenda, which includes setting out our expectations, an analysis of any issues we have experienced when voting during the previous quarter, the quality of the ISS research delivered, general service level, personnel changes, the management of any potential conflicts of interest and a review of the effectiveness of the monitoring process and voting statistics. The meetings will also review any action points arising from the previous quarterly meeting. LGIM has its own internal Risk Management System (RMS) to provide effective oversight of key processes. This includes LGIM's voting activities and related client reporting. If an item is not confirmed as completed on RMS, the issue is escalated to line managers and senior directors within the organisation. On a weekly basis, senior members of the Investment Stewardship team confirm on LGIM's internal RMS that votes have been cast correctly on the voting platform and record any issues experienced. This is then reviewed by the Director of Investment Stewardship who confirms the votes have been cast correctly on a monthly basis. Annually, as part of our formal RMS processes the Director of Investment Stewardship confirms that a formal review of LGIM's proxy provider has been conducted and that they have the capacity and competency to analyse proxy issues and make impartial recommendations.
Which votes over the last 12 months, does LGIM consider to be most significant for the Scheme?
LGIM has provided an extract of its voting data and has identified the significance of each vote by the approximate size of fund's holding in the relevant company as a percentage of the total portfolio. The Trustee has reviewed the most significant votes and has focused on reporting those which also align with its sustainable investment priorities.

L&G Diversified Fund

Company name / date of vote	Size of holding (% of portfolio)	Summary of the resolution	How you voted	Rationale for the voting decision	Outcome of the vote
Shell Plc 23/05/2023	0.30%	Approve the Shell Energy Transition Progress	Against	**Climate:** A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory. LGIM considers this vote significant on a thematic basis LGIM is publicly supportive of so called "Say on Climate" votes. We expect transition plans put forward by companies to be both ambitious and credibly aligned to a 1.5C scenario. Given the high-profile of such votes, LGIM deem such votes to be significant, particularly when LGIM votes against the transition plan.	Pass
Tencent Holdings Limited 17/05/2023	0.25%	Elect Jacobus Petrus (Koos) Bekker as Director	Against	**Climate**: A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management. Remuneration Committee: A vote against has been applied because LGIM expects the Committee to comprise independent directors. LGIM considers this vote to be significant as it is applied under the Climate Impact Pledge, our flagship engagement programme targeting companies in climate-critical sectors. More information on LGIM's Climate Impact Pledge can be found here: https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/	Pass
Toyota Motor Corp. 14/06/2023	0.21%	Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	For	**Climate**: LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this. LGIM considers this vote to be significant and it believes companies should use their influence positively and advocate for public policies that support broader improvements of ESG factors including, for example, climate accountability and public health. In addition, we expect companies to be transparent in their disclosures of their lobbying activities and internal review processes involved.	Fail

Company name / date of vote	Size of holding (% of portfolio)	Summary of the resolution	How you voted	Rationale for the voting decision	Outcome of the vote
McDonalds Corp. 25/05/2023	0.03%	To Adopt Policy to Phase Out Use of Medically-Important Antibiotics in Beef and Pork Supply Chain	For	**Health**: Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and we consider AMR to be a systemic risk. The resolution asks McDonald's to adopt a company-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains and to set targets with timelines, metrics for measuring implementation, and third-party verification. In line with the shareholder resolution on AMR that LGIM has co-filed and our conviction that AMR is a systemic risk, we will be voting FOR the resolution. LGIM considers this vote to be significant as Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and we consider AMR to be a systemic risk.	Fail
Yum! Brands Inc. 18/05/2023	0.006%	Report on Efforts to Reduce Plastic Use	For	LGIM considers this vote to be significant as the circular economy is a key component of LGIM's approach to nature, and we believe solving plastic pollution is critical in a just transition to net zero and nature-positive economies. **Nature**: The circular economy is a key component of LGIM's approach to nature, and we believe solving plastic pollution is critical in a just transition to net zero and nature-positive economies. As the filer of this resolution noted, the company has not aligned its packaging targets with key initiatives such as the Pew Report, which suggests that companies should commit to reducing at least one-third of plastic demand through elimination, reuse and new delivery models. Although the company published its Sustainable Packaging Policy, the policy does not make any reference to single-use plastics (but rather mentions "unnecessary packaging") and its disclosures do not seem to sufficiently address the regulatory risks and the risk of higher costs in case of inaction. Therefore, a vote FOR this resolution is warranted. LGIM considers this vote to be significant as the circular economy is a key component of LGIM's approach to nature, and we believe solving plastic pollution is critical in a just transition to net zero and nature-positive economies.	Fail