

Hello everyone,

I do hope that you and your loved ones are coping well and managing to stay safe as we all try to find some sense of normality through these extraordinary times.

I want to thank you all for the hard work and determination you've shown as we've brought our business into its current pause, and this has clearly been a huge task. But most of all, I want to say how grateful I am and how much I admire the way you've supported each other through what have been some of the most challenging times in our personal and professional lives.

I can scarcely believe that we've now been living and working through the COVID-19 pandemic for almost half a year. Each day brings new glimmers of hope for an end to all of this as governments and companies plough their resources into developing treatments and vaccines. And yet, as different nations experience 'second waves' and re-introduce constraints and lockdowns, it's very clear that this is far from being over.

It's with this knowledge that on 29 July we announced our intention, on behalf of your Employer, to enter into collective consultation on some proposed changes to your terms and conditions. This isn't a decision we've taken lightly, but we've had to take action to help save money and ensure the survival of our Fleet.

You're all aware of the significant changes we had to make to our shore side organisation a few weeks ago and, although many of you may have suspected this was coming, I know that this recent announcement will have created a lot of uncertainty. I'm sorry that we weren't able to be more explicit about the nature of the changes we're proposing at the start - the process that we've followed is a legal requirement and, ultimately, it's there to protect and support you.

Today, as we formally begin our consultation, we're able to share more details of our proposals, and these will be formalised later today.

We recognise that even when the ships are not sailing, we absolutely **have** to preserve resources for the continued support of compliant, environmentally sound and safe operations, and to allow ourselves to re-emerge when the time is right.

For that reason, we want to take steps to try and avoid the removal of roles wherever possible. So, for our annualised Officers we're proposing a temporary 15% pay reduction for a period of 5 months effective from 2 October 2020 until 2 March 2021 and a 12 month pause in annual pay increments being awarded for those Officers who are in receipt of such an increment.

You'll understand too, given the context and the proposals I've just outlined, why we're suggesting we pause any pay negotiations with our Trade Union partners, until such time as we have more certainty about what the future holds. We're intending to review our ability to enter into those negotiations in October 2021.

In addition to this, for a small population of both ship and shore colleagues, more permanent changes are being proposed in relation to the Group Income Protection scheme and POPC Pension scheme. Should those proposals go ahead, they'll be effective from 1 November 2020.

You will have the opportunity to share your questions on the proposals and your ideas for alternatives through either your Trade Union Representative (if you have a Union affiliation) or your elected Employee Representative. They will help you to understand the different phases of the consultation, which is scheduled to end on 1 October for proposed temporary changes to terms, and 16th October for those who are impacted by proposed changes to their pension.

We're making difficult decisions that have real consequences for people we greatly care about, many of whom have dedicated decades to the company. I'm truly sorry for the pain that this is going to cause. But the hard truth is that if we don't take bold action, and significantly reduce our cash burn, we may not get to the other side of this successfully. None of us wants to see the proud 180 year histories of P&O Cruises and Cunard wind down on our watch.

Thank you for everything you've done and are doing to ensure our business recovers from this devastating crisis and thank you for your continued commitment, courage and tenacity as we work through this difficult time together. We will be back, smarter, stronger and even more resilient than before.

Take care.