

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No.: 16-20897-CR-SEITZ

UNITED STATES OF AMERICA

v.

PRINCESS CRUISE LINES, LTD.,

Defendant.

**PROPOSED AGREEMENT TO RESOLVE PETITION FOR SUMMONS FOR
OFFENDER UNDER SUPERVISION DATED NOVEMBER 23, 2021**

I. Allegations in the Petition

The defendant organization, Princess Cruise Lines, Ltd. (“Defendant” or “Princess”), hereby admits that it committed the violation of the conditions of probation alleged in the Petition for Summons for Offender Under Supervision dated November 23, 2021 (DE 244) (the “Petition”) and that the Joint Factual Statement appended hereto as Exhibit A provides a true and sufficient factual basis for its guilty plea. Princess further admits that Princess, its corporate parent (Carnival Corporation), and related subsidiaries and entities (collectively referred to herein as the “Company”), violated the Special Conditions of Probation, and that their violation is deemed to be a violation by Princess, pursuant to Special Condition 4 and Environmental Compliance Plan (“ECP”), Section III.F.1.

II. Leadership Team Statement to Employees

The Company agrees that within 14 days of the Court’s acceptance of the terms of this Agreement, the Chair of the Boards of Directors and the Chief Executive Officer of the Company will issue and disseminate to all employees a statement in which Carnival Corporation & plc and its brands will admit to the violation of probation. The content, format, and mode of distribution of this statement will be subject to prior review and approval by the Court.¹ Any other senior leadership of the Company may join this statement.

III. Changes to the Incident Analysis Group

The Company will make changes, including changes to its corporate structure, relating to the Incident Analysis Group (“IAG”), which is responsible for and will have authority to conduct investigations related to Health, Environmental, Safety, and Security (“HESS”) matters as set forth in **Exhibit B**.

¹ As used in this Agreement, the term “Court” refers to the United States District Court for the Southern District of Florida.

If the terms of this Agreement, including Exhibit B, are accepted by the Court, then in the event that the Company does not complete a task described in Exhibit B on or before the corresponding deadline identified for that task in Exhibit B, the Company will pay a financial penalty of up to \$100,000 per day, as determined by the Court, until the task has been completed. In the event the Company does not complete a task described in Exhibit B on or before ten days after the corresponding deadline identified for that task in Exhibit B, then the Company will pay a financial penalty of up to \$500,000 per day commencing on the tenth day, as determined by the Court, until the task has been completed. These penalties are in addition to any others that may be authorized by law. However, the financial penalties described in this paragraph shall not apply to the planned training sessions, described in Exhibit B, for HESS investigators outside of the IAG and within the Company's various Brands.

In the event that the U.S. Department of Justice, the Office of Probation, the Court Appointed Monitor, or the Third Party Auditor determine that the Company's performance of a task described in Exhibit B has not complied with the terms of this Agreement, then they shall provide the Company with written notice specifying the basis for such determination, and the Company shall have a reasonable period of time to cure its performance, at the discretion of the Court, before the financial penalties described in the foregoing paragraph accrue or are imposed.

The Company will provide information and access necessary for the Court Appointed Monitor and Third Party Auditor to monitor and report on compliance with the ECP, including the additional obligations required under this Agreement.

IV. Financial Penalty

If the terms of this Agreement are accepted by the Court, then Princess will pay an additional criminal fine of \$1,000,000. Payment will be made within seven days of the Court's acceptance of this Agreement. Because this payment is designated as a criminal payment by Princess, the Company further agrees that it will not seek any reduction in its tax obligations as a result of the payment. In addition, because the payment is part of Princess's admission of its violation of the conditions of its probation, neither the Company nor any related entity or agent will characterize, publicize, or refer to the payment in any other way.

V. Proposal Binding on the Government

The United States Attorney's Office for the Southern District of Florida and the Environmental Crimes Section of the U.S. Department of Justice agree to forgo additional probation violation proceedings in *U.S. v. Princess Cruises Lines, LTD*, Case No. 16-CR-20897 (S.D. Fla) for violations of probation that took place prior to January 7, 2022, except for any potential violations arising from the *Carnival Legend* on or about December 10, 2021, and which are known to the United States Attorney's Office for the Southern District of Florida and the Environmental Crimes Section of the U.S. Department of Justice at the time of the signing of this Agreement.

AGREED AND ACCEPTED

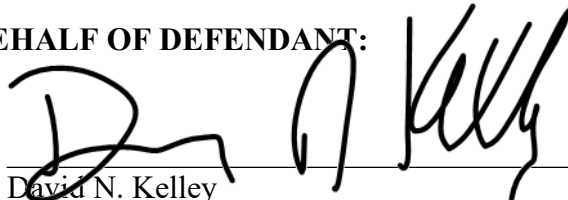
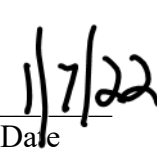
JUAN ANTONIO GONZALEZ
United States Attorney

TODD KIM
Assistant Attorney General
Environmental & Natural Resources Division
U.S. Department of Justice

By: s/ Thomas Watts-FitzGerald
Thomas Watts-FitzGerald
Assistant United States Attorney


By: s/ Richard A. Udell
Richard A. Udell
Senior Litigation Counsel
Environmental Crimes Section
U.S. Department of Justice

ON BEHALF OF DEFENDANT:

David N. Kelley Date
Counsel for Defendant

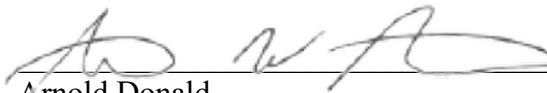
David Oscar Marcus
Counsel for Defendant



Arnold Donald
President and Chief Executive Officer
Carnival Corporation and Carnival plc.

**AUTHORIZED BY THE BOARDS OF DIRECTORS
OF CARNIVAL CORPORATION AND CARNIVAL PLC:**

Micky Arison
Member of the Executive Committees of
the Boards of Directors
Carnival Corporation and Carnival plc.




Arnold Donald
Member of the Executive Committees of
the Boards of Directors
Carnival Corporation and Carnival plc.

Stuart Subotnick
Member of the Executive Committees of
the Boards of Directors
Carnival Corporation and Carnival plc.

ON BEHALF OF DEFENDANT:

David N. Kelley Date
Counsel for Defendant

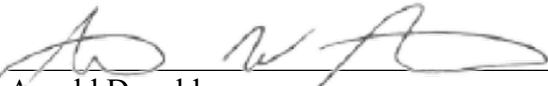
David Oscar Marcus
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Exhibit B

EXHIBIT B

Timeline of Incident Analysis Group Action Plans

United States v. Princess Cruise Lines, Ltd., No. 16-cr-20897 (S.D. Fla.)

Task	Target or Completion Date
<p>Establish the IAG’s mission of identifying all significant HESS risks to Carnival Corp. that can be identified (CAM/TPA Recommendation No. 2)</p>	<p><u>November 17, 2021</u> – The IAG Charter adopted by the Compliance Committees of the Boards of Directors clarified that IAG is responsible for providing independent investigation and analysis of systemic HESS issues.</p> <p><u>December 17, 2021</u> – IAG provided a draft updated version of the Global HESS procedure governing IAG (HMP-1302) that reflects IAG’s mission to identify all significant HESS risks to Carnival Corp. that can be identified through robust investigation and systemic analysis processes. The procedure was finalized and incorporated into the Global HESS system as of December 31.</p> <p><u>January 31, 2022</u> – The Compliance Committees of the Boards of Directors will approve an updated IAG Charter that adds to IAG’s mission statement identifying all significant HESS risks to Carnival Corp. that can be identified through robust investigation and systemic analysis processes.</p>
<p>Empower the IAG to investigate HESS matters that do not arise directly from specific HESS incidents, so that the IAG can assess potential systemic risks before those risks manifest themselves in a specific incident (CAM/TPA Recommendation No. 3)</p>	<p><u>November 17, 2021</u> – The IAG Charter adopted by the Compliance Committees of the Boards of Directors incorporated IAG’s authority to investigate such HESS matters.</p>

EXHIBIT B

Task	Target or Completion Date
<p>The leader of the IAG retains the discretion to reject or implement any comments to an investigation report made during the stakeholder review process. Formalize written procedure for the leader of the IAG to exercise discretion concerning the distribution of each investigation report to stakeholders, recognizing that he may request such review whenever he deems it to be helpful to the IAG. (CAM/TPA Recommendation No. 4).</p>	<p><u>December 17, 2021</u> – IAG provided a draft updated version of the Global HESS procedure governing IAG (HMP-1302) to: (i) reflect discretion for the Chief HESS Investigations Officer (“CHIO”) to select the stakeholders to whom draft IAG reports will be distributed for input, and (ii) to rely on Carnival Corp.’s Risk Advisory and Assurance Services department (“RAAS”) to determine, as part of its reviews of IAG, whether there is any evidence that stakeholder reviews have interfered with IAG’s independence. The procedure was finalized and incorporated into the Global HESS system as of December 31.</p>
<p>Enhance a formal written procedure to help avoid conflicts of interest when the IAG is working with subject matter experts from other departments (CAM/TPA Recommendation No. 4)</p>	<p><u>December 17, 2021</u> – IAG provided a draft updated version of the Global HESS procedure governing IAG (HMP-1302) to reflect the enhanced conflict of interest procedure. The procedure was finalized and incorporated into the Global HESS system as of December 31.</p> <p><u>January 31, 2022</u> – The Compliance Committees of the Boards of Directors will approve an updated IAG Charter clarifying that the IAG shall follow the conflicts of interest procedure described in the updated version of HMP-1302.</p>

EXHIBIT B

Task	Target or Completion Date
<p>Define the standard of proof for IAG investigations as the preponderance of the evidence (CAM/TPA Recommendation No. 5)</p>	<p><u>November 17, 2021</u> – The preponderance of the evidence standard was incorporated in the IAG Charter adopted by the Compliance Committees of the Boards of Directors.</p> <p><u>December 17, 2021</u> – The preponderance of the evidence standard was documented in an updated IAG manual.</p> <p><u>January 31, 2022</u> – Each member of the IAG team will complete at least one training session on the practical application of the preponderance of the evidence standard. Carnival Corp. will commence providing the same training to HESS investigators within the Brands with the intention to complete that training before the end of the term of the ECP.</p>

EXHIBIT B

Task	Target or Completion Date
<p>Provide guidance on additional forms of root cause analysis, as recommended during RAAS’s recent review of the IAG, and on which the IAG investigators will receive further training (CAM/TPA Recommendation No. 6)</p>	<p><u>February 18, 2022</u> – IAG will have: (i) updated the training materials for its current root cause analysis methodology (the 5 Whys), (ii) adopted a standard template to be used in investigation reports to document the root cause analysis that was performed, (iii) selected an additional root cause analysis methodology, and (iv) updated the version of the Global HESS procedure governing IAG (HMP-1302) and the IAG manual to reflect the foregoing adjustments to IAG’s root cause analysis.</p> <p><u>March 18, 2022</u> – Subject to the availability of external training providers, each member of the IAG team will complete at least one training session on IAG’s new root cause analysis method. Following Carnival Corp.’s completion of the work described below in response to the CAM’s and TPA’s Recommendations Nos. 12 and 13, Carnival Corp. will commence providing the same training to HESS investigators within the Brands, but the training of all Brand HESS investigators will not be complete before the end of the term of the ECP.</p>
<p>Clarify that the Chief Executive Officer is to consult with the Compliance Committee of the Boards of Directors before replacing the leader of the IAG (CAM/TPA Recommendation No. 7)</p>	<p><u>November 17, 2021</u> – This requirement was incorporated in the IAG Charter adopted by the Compliance Committees of the Boards of Directors.</p>

EXHIBIT B

Task	Target or Completion Date
Change organizational structure of IAG to report functionally to the Compliance Committees of the Boards of Directors and administratively to the Chief Ethics & Compliance Officer (CAM/TPA Recommendation No. 8)	<p><u>November 17, 2021</u> – This organizational change was incorporated in the IAG Charter adopted by the Compliance Committees of the Boards of Directors.</p> <p><u>December 31, 2021</u> – The Global HESS procedure regarding IAG (HMP-1302) was revised to reflect IAG’s updated reporting structure.</p>
Establish a process by which the IAG and RAAS will confer about conducting any proposed focus or systemic review of a potential significant compliance risk affecting the corporation and determine which function is best positioned to take a lead role in such review (CAM/TPA Recommendation No. 9)	<p><u>December 31, 2021</u> – The Global HESS procedure regarding IAG (HMP-1302) was revised to reflect new systemic review responsibilities.</p>
Provide the IAG with a formal role in consulting with compliance or operations personnel about any immediate actions taken or that need to be taken in response to HESS incidents, in order to ensure that such actions reflect the IAG’s insight and do not interfere with the IAG’s investigation (CAM/TPA Recommendation No. 10)	<p><u>December 31, 2021</u> – Global HESS procedures were updated to clarify the roles of IAG, compliance, and operations personnel when responding to an incident and while an investigation is in progress.</p>
Empower the leader of the IAG with the discretion to issue preliminary reports and to recommend interim corrective actions (CAM/TPA Recommendation No. 11)	<p><u>December 17, 2021</u> – IAG provided a draft updated version of the Global HESS procedure governing IAG (HMP-1302) to reflect discretion to issue preliminary reports and to recommend interim corrective actions. The procedure was finalized and incorporated into the Global HESS system as of December 31.</p>

EXHIBIT B

Task	Target or Completion Date
<p>Expand the IAG’s oversight of Level 2 investigations conducted by shore-side investigators from individual Brands (CAM/TPA Recommendation No. 12)</p>	<p><u>February 11, 2022</u> – IAG will develop for review by the Compliance Committees of the Boards of Directors, based on IAG’s collaboration with outside legal counsel from Hogan Lovells, a draft action plan with recommendations on how to improve the oversight of Level 2 investigations.</p> <p><u>February 11, 2022</u> – IAG will develop for review by the Compliance Committees of the Boards of Directors, based on IAG’s collaboration with outside legal counsel from Hogan Lovells, an assessment of the additional resources IAG needs for its improved oversight of Level 2 investigations.</p> <p><u>March 18, 2022</u> – IAG will develop for review by the Compliance Committees of the Boards of Directors, based on IAG’s collaboration with outside legal counsel from Hogan Lovells, an assessment of the resources IAG needs to perform the additional responsibilities proposed in this action plan and for the IAG’s performance of its existing responsibilities.</p>

EXHIBIT B

Task	Target or Completion Date
<p>Assign to the IAG responsibility for following up on corrective and preventive actions recommended in previous investigation reports to verify whether those actions were implemented, as well as the effectiveness of those actions (CAM/TPA Recommendation No. 13)</p>	<p><u>November 17, 2021</u> – The IAG Charter adopted by the Compliance Committees of the Boards of Directors incorporated these responsibilities.</p> <p><u>February 11, 2022</u> – Carnival Corp. will develop for review by the Compliance Committees of the Boards of Directors, based on Carnival Corp.’s collaboration with outside legal counsel from Hogan Lovells, a draft action plan with recommendations on how to verify the completion and assess the effectiveness of corrective and preventive actions recommended in previous IAG reports.</p> <p><u>February 11, 2022</u> – Carnival Corp. will develop for review by the Compliance Committees of the Boards of Directors, based on Carnival Corp.’s collaboration with outside legal counsel from Hogan Lovells, an assessment of the additional resources needed to verify the completion and assess the effectiveness of corrective and preventive actions recommended in previous IAG reports.</p> <p><u>March 18, 2022</u> – IAG will develop for review by the Compliance Committees of the Boards of Directors, based on IAG’s collaboration with outside legal counsel from Hogan Lovells, an assessment of the resources IAG needs to perform the additional responsibilities proposed in this action plan and for the IAG’s performance of its existing responsibilities.</p>