

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

Case No. 16-20897-CR-SEITZ

**UNITED STATES OF AMERICA**

**v.**

**PRINCESS CRUISE LINES, LTD.,**

**Defendant.**

**PLEA AGREEMENT**

The United States of America, by and through the United States Attorney for the Southern District of Florida, and the Environmental Crimes Section (“ECS”) of the United States Department of Justice (collectively referred to herein as the “government”), and Defendant, Princess Cruise Lines, Ltd. (“Defendant”), by and through their authorized representatives, enter into the following Plea Agreement (“Agreement”) pursuant to Rule 11(c)(1)(C) and Rule 11(c)(3) of the Federal Rules of Criminal Procedure:

1. Waiver of Indictment and Criminal Charges. Defendant, having been advised through its representative of the right to be charged by Indictment, agrees to waive that right and enter pleas of guilty to the charges brought by the government in the Criminal Information filed against it in the Southern District of Florida and as set forth below. The guilty plea is to be entered by Defendant through a senior corporate officer acceptable to the government who is authorized by resolutions by Defendant and Defendant’s parent corporation, Carnival Corporation, to enter pleas of guilty on Defendant’s behalf and to appear and represent Defendant at the plea hearing and at the sentencing hearing in the Southern District of Florida. By entering these guilty pleas, Defendant hereby waives

all objections to the form of the charging document, and admits that it is in fact guilty of the offenses as set forth in the Criminal Information. Defendant specifically waives venue as to Count 7 in the Southern District of Florida. Defendant agrees that the Joint Factual Statement that appears as Attachment A to this Agreement is a true and accurate statement of its criminal conduct and provides a sufficient factual basis for the pleas. Pursuant to this Agreement and consistent with the Joint Factual Statement, Defendant agrees to enter pleas of guilty to the following representative charges:

Count 1: Conspiracy. Knowingly and willfully entering into a conspiracy to: (a) knowingly discharge and dispose in the navigable waters of the United States oily mixtures, including oily bilge water and slops from bilges, that accumulated in the machinery spaces of the *Caribbean Princess* without the operation of oily water separating equipment and oil content monitor, in violation of Title 33, United States Code, Section 1908(a) and Title 33, Code of Federal Regulations, Section 151.10(b)(4); (b) knowingly fail to maintain an accurate Oil Record Book in which all overboard discharges and disposals otherwise of oily mixtures, including oily bilge water and slops from bilges that accumulated in the machinery spaces of the *Caribbean Princess* were fully recorded in violation of Title 33, United States Code, Section 1908(a) and Title 33, Code of Federal Regulation, Section 151.25(d)(4); (c) knowingly conceal, cover up, falsify and make false entries in the Oil Record Book of the *Caribbean Princess* with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of the United States Coast Guard and the Department of Homeland Security, and in relation to and in contemplation of such matter, in violation of Title 18, United States Code, Section 1519; and (d) knowingly obstruct agency proceedings, in violation of Title 18, United States Code, Section 1505, all in violation of Title 18, United States Code, Section 371.

Counts 2-5: Act to Prevent Pollution from Ships. To knowingly fail to maintain an accurate Oil Record Book for the *Caribbean Princess* in which all overboard discharges and disposals otherwise of oily mixtures, including oily bilge water and slops from bilges, that accumulated in machinery spaces were fully recorded, in violation of Title 33, United States Code, Section 1908(a) and Title 33, Code of Federal Regulation, Section 151.25(d)(4).

Counts 6-7: Obstruction of Agency Proceedings. To corruptly influence, obstruct and impede, and endeavor to influence, obstruct, and impede, the due and proper administration of the law under a pending proceeding by the United States Coast Guard and the Department of Homeland Security, specifically U.S. Coast Guard

inspections of the Caribbean Princess, in violation of Title 18, United States Code, Section 1505.

2. The Penalties. Defendant understands that the applicable statutory penalties for each felony count of the offenses to which it is entering pleas of guilty are as follows: a maximum fine of the greatest of \$500,000, or twice the gross pecuniary gain or loss resulting from the unlawful conduct, pursuant to 18 U.S.C. § 3571(c) and (d); a term of probation of five years, pursuant to 18 U.S.C. § 3561(c)(1); and a special assessment of \$400 per count, pursuant to 18 U.S.C. § 3013(a)(2)(B). Defendant further understands that, in addition to any other penalty, the Court may order the payment of restitution to any victim of the offenses pursuant to the provisions of 18 U.S.C. § 3663. The government and Defendant (collectively “the Parties”) do not believe that restitution is applicable in this case.

3. Rights Waived by Pleading Guilty. Through its authorized representative, Defendant knowingly and voluntarily waives the following rights through its guilty pleas: (a) the right to plead not guilty, and to persist in a plea of not guilty; (b) the right to a speedy and public trial before a jury; (c) the right to the effective assistance of counsel at trial; (d) the right to be presumed innocent until guilt has been established at trial, beyond a reasonable doubt; (e) the right to confront and cross-examine witnesses at trial; (f) the right to compel or subpoena witnesses to appear on Defendant’s behalf at trial; (g) the right to testify or to remain silent at trial, at which trial such silence could not be used against Defendant; and (h) the right to appeal a finding of guilt or any pretrial rulings.

4. Applicability of Sentencing Guidelines. Defendant understands and acknowledges that, at sentencing, the Court is required to consider the United States Sentencing Guidelines (“U.S.S.G.”), together with the other sentencing principles set forth in Title 18, United States Code, Section 3553(a). Defendant understands and acknowledges that the U.S.S.G., including Chapter

Eight that provides guidance for the sentencing of corporate defendants, may be considered by the Court, except that pursuant to U.S.S.G. §§ 8C2.1 and 8C2.10, the U.S.S.G. that pertain to the sentencing of organizations do not determine the fine range in cases involving environmental or obstruction crimes, including the making of false statements, the use of false writings, or efforts to obstruct justice in order to conceal environmental crimes. Instead, the fine is to be determined under 18 U.S.C. §§ 3553 and 3571. All other sections of Chapter Eight of the U.S.S.G. that are applicable to corporate defendants are applicable to this case, including provisions for probation and community service.

5. Sentencing Agreement. Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure and pursuant to 18 U.S.C. § 3571(d), and in return for the complete fulfillment by Defendant of all of its obligations under this Agreement, the Parties agree that the sentence to be imposed by the Court includes a total monetary penalty consisting of \$40,000,000 as specified below, plus mandatory special assessments. The Parties agree that the sentence should be imposed as follows:

a. Criminal Fine. Thirty million dollars of the total monetary penalty shall be designated as a criminal fine. The fine shall be apportioned as follows: \$27,000,000 to Count 1, and \$500,000 per count to Counts 2 – 7.

b. Mandatory Special Assessment. Defendant shall pay a special assessment of \$400 for each count of conviction. The total amount of special assessments is \$2,800.

c. Community Service. A total of \$10,000,000 of the monetary penalty shall be paid as organizational community service pursuant to § 8B1.3 of the U.S.S.G. and in furtherance of satisfying the sentencing principles provided for under 18 U.S.C. § 3553(a). Defendant shall make

Community Service Payments for such purposes as set forth in this Section. Defendant shall assume no responsibilities or obligations other than making the payments as described and shall have no rights whatsoever with respect to the disposition of the Community Service Payment funds once paid. Because the community service payments are designated as a criminal payment by an organization, Defendant agrees that neither it nor any related entity will seek any reduction in its tax obligations as a result of these community service payments. In addition, since these payments constitute community service as part of Defendant's guilty plea, neither Defendant nor any related entity or agent will characterize, publicize or refer to these community service payments as voluntary donations or charitable donations.

(1) Defendant shall pay \$7,000,000 to the National Fish and Wildlife Foundation ("NFWF") as set forth below. NFWF is a nonprofit organization established by the United States Congress pursuant to 16 U.S.C. §§ 3701-3710. Its purposes include the acceptance and administration of "property . . . to further the conservation and management of fish, wildlife, plants, and other natural resources," and the performance of "such other activities as will further the conservation and management of the fish, wildlife, and plant resources of the United States, and its territories and possessions for present and future generations of Americans." 16 U.S.C. § 3701(b)(1), (2). NFWF is empowered to "do any and all acts necessary and proper to carry out" these purposes, including, specifically, solicitation, acceptance, administration, and use of "any gift, devise or bequest . . . of real or personal property." 16 U.S.C. § 3703(c)(1), (11). NFWF's Congressional charter mandates that it be governed by a Board of Directors that includes the Director of the United States Fish and Wildlife Service, the Under Secretary of Commerce for Oceans and Atmosphere, and various individuals educated or experienced in fish, wildlife, ocean, coastal, or other natural resource

conservation. 16 U.S.C. § 3702(b)(1), (2). NFWF is also required by its charter to submit to Congress annually a report of its proceedings and activities during such year, including a full and complete statement of its receipts, expenditures, and investments. 16 U.S.C. § 3706(a), (b). Payment shall be made in the form of a certified check payable to the National Fish and Wildlife Foundation and mailed to the attention of its Chief Financial Officer at 1133 15th Street, NW, Suite 1100, Washington, DC 20005, or by electronic funds transfer in accordance with written instructions to be provided to Defendant by NFWF at the time of transfer. In either case, Defendant's payment shall include a reference to the case caption and number in this proceeding. NFWF shall obligate the funds paid to it to appropriate projects and initiatives pursuant to this Plea Agreement within five years of the date of entry of Judgment in this case. NFWF shall further report to the United States Probation Office for the Southern District of Florida and to the United States Department of Justice, on at least an annual basis, regarding the status and disposition of the funds it has received pursuant to this Section, until all such funds have been expended.

- A. NFWF shall use \$6,000,000 of the \$7,000,000 of community service funds paid by Defendant pursuant to ¶ 5(c)1 to fund projects and initiatives benefitting the maritime environment and marine and coastal natural resources in areas within the geographical jurisdiction of the United States, including, but not limited to, areas within the United States' Territorial Sea and within the United States Exclusive Economic Zone.
  - i. The projects and initiatives considered for funding by NFWF pursuant to ¶ 5(c)(1)(A) should be focused on environmental restoration; establishment, enhancement and/or preservation of fish, wildlife, and ecosystems; and amelioration and remediation of pollution, and other threats to the marine and coastal environment and ecosystems.

- ii. NFWF shall use best efforts to apply to at least half of the funding paid pursuant to ¶ 5(c)(1)(A) to fund one or more projects benefitting each of the following: coral reefs, sea turtles, and marine mammals.
- iii. In identifying and selecting projects and initiatives to receive funding hereunder, NFWF shall consult with designated representatives of the United States Fish and Wildlife Service, the National Oceanic and Atmospheric Administration, and the Florida Fish and Wildlife Conservation Commission. NFWF shall not be bound by any recommendation from any federal or state agency so consulted.

B. NFWF shall use \$1,000,000 of the \$7,000,000 of community service funds paid by Defendant pursuant to ¶ 5(c)(1) to fund projects and initiatives benefitting the maritime environment and marine and coastal natural resources in and around the maritime jurisdiction of the United Kingdom, including, but not limited to, areas within the territorial waters of the United Kingdom and areas within the United Kingdom Exclusive Economic Zone and its marine sanctuaries, conservations zones and sites of special scientific interest.

- i. The projects and initiatives considered for funding by NFWF pursuant to ¶ 5(c)(1)(B) shall be focused on: environmental restoration; establishment, enhancement and preservation of fish, wildlife, and ecosystems; and amelioration and remediation of pollution and other threats to the marine and coastal environment and ecosystems.
- ii. In selecting the projects and initiatives to fund pursuant to ¶ 5(c)(1)(B), NFWF shall consult with designated representatives of the MCA or its authorized representative. NFWF shall not be bound by any recommendations it receives as the result of such consultation.

(2) Defendant shall pay \$3,000,000 to the South Florida National Parks

Trust (“SFNPT”). SFNPT is a nonprofit organization established in 2002 to support four national parks in South Florida: Everglades National Park; Biscayne National Park; Dry Tortugas National Park; and Big Cypress National Preserve. SFNPT serves as the official, nonprofit partner of the National Park Service in South Florida, focusing its work on raising resources to support park

programs and projects in five critical areas: Environmental Education, Resource Protection, Visitor Services, Volunteer Activities, and Community Engagement. Payment shall be made by certified check payable to the South Florida National Park Trust and mailed to the attention of the Executive Director at 1390 South Dixie Highway #2203, Coral Gables, Florida 33134, or by electronic funds transfer in accordance with written instructions to be provided to Defendant by SFNPT at the time of transfer. In either case, Defendant's payment shall include a reference to the case caption and number in this proceeding. SFNPT shall use the funds paid by Defendant pursuant to ¶ 5(c)(2) to promote education, training, public outreach, and resource protection and preservation by funding programs, projects, enforcement efforts, and initiatives benefitting the maritime environment and marine and coastal natural resources, environment, and ecosystems within the boundaries of Everglades National Park; Biscayne National Park; Dry Tortugas National Park; and Big Cypress National Preserve. SFNPT shall use best efforts to apply at least one half of the funding to fund projects benefitting marine resources and the marine environment. In identifying and selecting the projects and initiatives to receive funding hereunder, SFNPT shall consult with designated representatives of the National Park Service. SFNPT shall not be bound by any recommendation from the National Park Service as a result of such consultation. SFNPT shall obligate the funds paid to it to appropriate projects and initiatives pursuant to this Plea Agreement within five years of the date of entry of Judgment in this case. SFNPT shall further report to the United States Probation Office for the Southern District of Florida and to the United States Department of Justice, on at least an annual basis, regarding the status and disposition of the funds it has received pursuant to this Section, until all such funds have been expended.



d. Payments. Defendant agrees that if the terms of this Rule 11(c)(1)(C) Plea Agreement are accepted by the Court, that the criminal fine, special assessments and community service payments shall be paid on the day of sentencing. Payment is to be made in the form of a check payable to “United States District Court Clerk.” All community service payments shall be payable as specified herein.

e. Probation. Defendant will be placed on organizational probation for a period of five years from the date of sentencing pursuant to 18 U.S.C. § 3561(c)(1) and U.S.S.G. §§ 8D1.1 and 8D1.2. The terms of probation shall include the following specific provisions, in addition to the Court’s standard conditions:

(1) No Further Violations. Defendant agrees that it will commit no further violations of MARPOL 73/78, federal, state, or local law, and shall conduct all of its operations in accordance with environmental laws of the United States.

(2) Payments. Payment in full of the monetary amounts set forth herein including all special assessments, fines, and community service.

(3) Environmental Compliance Plan. Defendant agrees to develop, adopt, establish, implement, and fund the environmental remedial measures set forth in the Environmental Compliance Plan (“ECP”), attached hereto as Attachment B, during the term of probation, consistent with sentencing policies set forth in U.S.S.G. § 8D1.4. As set forth in greater detail in the ECP, which is part of this Agreement and intended to be part of the Special Conditions of Probation, Defendant and Carnival Corporation and Carnival plc (collectively, “Carnival Corporation & plc” or “Defendant’s parent”) have agreed to fully fund and implement the ECP across all related entities

with vessels that carry a Certificate of Financial Responsibility, issued pursuant to the Oil Pollution Act of 1990, as well as those vessels themselves. As set forth therein, Defendant and Defendant's parent have agreed to retain the services of an outside independent Third Party Auditor and fund a Court Appointed Monitor acceptable to the government to perform the duties set forth in the ECP and to report to the Court and Office of Probation. As set forth in the Agreement, Defendant and Defendant's parent understand and agree that the ECP will be included in the Special Conditions of Probation and that any violation of its terms by Defendant or Defendant's parent, or any of its related entities and vessels covered by the ECP, may be grounds for the revocation of probation as to Defendant.

f. Whistleblower Award. Defendant further understands, pursuant to the Act to Prevent Pollution from Ships, 33 U.S.C. § 1908(a), that the Court has discretion to award an amount equal to not more than one-half of the fine imposed in Counts 2 – 5 to the person giving information leading to conviction. As set forth in the Joint Factual Statement, the Parties agree that this is a matter in which information provided by a whistleblower resulted in Defendant's conviction. Having been advised that the government will recommend that the Court exercise its discretion and award the whistleblower one-half of the amount of the fine imposed pursuant to Counts 2 – 5, Defendant agrees that it will not assert that it has standing and will take no position on any such award.

6. Application of the Agreement. This Agreement shall bind Defendant, Defendant's parent, the respective subsidiaries, assigns and successors, or their successors-in-interest, if applicable, of Defendant and Defendant's parent. Defendant shall provide the United States Probation Office and the undersigned prosecutors with immediate notice of any name change,

corporate reorganization, sale or purchase of vessels subject to the ECP, signing or termination of ship management contracts, or similar action affecting this Agreement or the ECP. No change in name, change in corporate or individual control, corporate reorganization, change in ownership, merger, change of legal status, sale or purchase of vessels, signing or termination of ship management contracts, or similar action shall alter the responsibilities of Defendant under this Agreement, provided, however, that Defendant and Defendant's parent will have no continuing obligations under this Agreement or the ECP for any ship sold or bareboat chartered to a person or entity not affiliated with Defendant, Defendant's parent, or Defendant's subsidiaries. Defendant shall not engage in any action to seek to avoid the obligations and conditions set forth in this Agreement.

7. Statements. This Agreement does not limit the right of Defendant or the government to speak at the time of sentencing consistent with the provisions set forth in this Agreement and the Joint Factual Statement, and to provide the Court and the United States Probation Office with evidence of all relevant conduct committed by Defendant. The Parties agree that at sentencing each will support the agreed disposition set forth in this Agreement pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure.

8. Non Prosecution of Additional Offenses.

a. ECS and the U.S. Attorney's Office for the Southern District of Florida: As part of this Agreement and solely because of the promises made by Defendant in this Agreement, ECS agrees to forgo additional criminal prosecution in any district, and the U.S. Attorney's Office for the Southern District of Florida agrees to forego criminal prosecution in its district, against Defendant and Defendant's parent for: (i) any violations of the Clean Water Act, as amended by the

Oil Pollution Act of 1990, 33 U.S.C. § 1321(b)(3), the Act to Prevent Pollution from Ships, 33 U.S.C. § 1908(a) and 33 C.F.R. § 151.10, relating to discharge of oil and oily water mixtures, and conspiracy to commit the same, in violation of 18 U.S.C. § 371; and (ii) the Act to Prevent Pollution from Ships, 33 U.S.C. § 1908(a) and 33 C.F.R. § 151.25, relating to the failure to maintain accurate Oil Record Books, or related violations of Title 18, including making and using false statements and records, obstruction of justice, and conspiracy, in violation of 18 U.S.C. §§ 371, 1001, 1505, 1512, and 1519, before the date of this Agreement, and stemming from the operation of the *Caribbean Princess*, *Golden Princess*, *Coral Princess*, *Grand Princess*, and the *Star Princess*, and any such violations stemming from the operation of any other vessel owned or operated by Defendant, Defendant's parent, or the subsidiaries, divisions, and operating units of Defendant's parent set forth in Attachment C ¶ 2, and which are known to the government at the time of the signing of this Agreement.

b. U.S. Attorney's Offices. As part of this Agreement and solely because of the promises made by Defendant in this Agreement, the U.S. Attorneys' Offices listed in Attachment C ¶ 1 agree to forgo additional criminal prosecution in their respective districts against Defendant and Defendant's parent, for (i) any violations of the Clean Water Act, as amended by the Oil Pollution Act of 1990, 33 U.S.C. § 1321(b)(3), the Act to Prevent Pollution from Ships, 33 U.S.C. § 1908(a) and 33 C.F.R. § 151.10, relating to discharge of oil and oily water mixtures, and conspiracy to commit the same, in violation of 18 U.S.C. § 371; and (ii) the Act to Prevent Pollution from Ships, 33 U.S.C. § 1908(a) and 33 C.F.R. § 151.25, relating to the failure to maintain accurate Oil Record Books, or related violations of Title 18, including making and using false statements and records,

obstruction of justice, and conspiracy, in violation of 18 U.S.C. §§ 371, 1001, 1505, 1512, and 1519, before the date of this Agreement, and stemming from the operation of the *Caribbean Princess*, *Golden Princess*, *Coral Princess*, *Grand Princess*, and the *Star Princess*, and which are known to the government at the time of the signing of this Agreement.

c. Other Vessels and Corporate Entities. Defendant and Defendant's parent have represented to the government that in the course of their internal review of the issues related to this Agreement, bilge management practices were assessed on a sample of ships within the respective fleets of Defendant and the subsidiaries, divisions, and operating units of Defendant's parent set forth in Attachment C ¶ 2. It was determined through those assessments that certain ships have used back calculations based on the volume of overboard discharges to determine and log within their respective Oil Record Books the tank volumes remaining onboard, rather than using tank soundings or local tank gauge readings. While such back calculations may have caused the Oil Record Books to contain inaccurate information, Defendant and Defendant's parent have represented that, so far as they are aware, the back calculations were not intentionally used to conceal illegal discharges. As part of this Agreement and solely because of the promises made by Defendant in this Agreement and the representations made in this paragraph, ECS agrees to forgo additional prosecution in any district, and the U.S. Attorney's Office for the Southern District of Florida and the U.S. Attorneys' Offices listed in Attachment C ¶ 3 agree to forgo additional criminal prosecution in their respective districts, of Defendant, Defendant's parent, and the subsidiaries, divisions, and operating units of Defendant's parent set forth in Attachment C ¶ 2 for the failure to maintain accurate Oil Record Books, in violation of the Act to Prevent Pollution from Ships, 33 U.S.C. § 1908(a) and 33 C.F.R. § 151, and related

violations of Title 18, including making and using false statements and records, obstruction of justice, and conspiracy, in violation of 18 U.S.C. §§ 371, 1001, 1505, and 1519, before the date of this Agreement, and stemming from the use aboard any ship within the respective fleets of Defendant and the subsidiaries, divisions, and operating units of Defendant's parent set forth in Attachment C ¶ 2 of back calculations based on the volume of overboard discharges to determine and log within Oil Record Books the tank volumes remaining onboard, rather than using tank soundings or local tank gauge readings. The waiver of further prosecution set forth in this subparagraph does not include intentional acts of pollution or conduct intended to conceal any intentional discharge of pollutants in violation of U.S. or international law unrelated to back calculations.

d. Scope. Defendant and Defendant's parent, and the subsidiaries, divisions, and operating units of Defendant's parent set forth in Attachment C ¶ 2 understand and agree that neither this section nor this Agreement limit the prosecuting authority of any other sections or divisions of the Department of Justice, including the United States Attorney of any judicial district, or any other federal, state, or local regulatory or prosecuting authorities, other than as referenced above. Furthermore, this Agreement does not provide or promise any waiver of any civil or administrative actions, sanctions, or penalties that may apply, including but not limited to: civil fines, civil penalties, claims for damages to natural resources, suspension, debarment, listing to restrict rights and opportunities of Defendant, Defendant's parent, and the subsidiaries, divisions, and operating units of Defendant's parent set forth in Attachment C ¶ 2 to contract with or receive assistance, loans, and benefits from United States agencies, licensing, injunctive relief, or remedial action to comply with any

applicable regulatory requirement. This Agreement has no effect on any proceedings against any party not expressly mentioned herein, including the actual or potential criminal liability of any individuals.

9. Breach of the Agreement. If the government determines that Defendant or its parent has failed to materially comply with any provision of this Agreement, or Defendant has committed any criminal violation of any environmental law of the United States or MARPOL 73/78 within the jurisdiction of the United States after the signing of this Agreement, the government may, at its sole option, be released from its commitments as set forth in this Agreement in their entirety by notifying Defendant, through counsel or otherwise, in writing. The government may also pursue all remedies available under the law against Defendant and any other related entity, irrespective of whether Defendant elects to be released from its commitments under this Agreement. Defendant recognizes that no such breach by it under this Agreement shall give rise to grounds for withdrawal of its guilty plea. Defendant understands that in the event of a breach of this Agreement, the government will have the right to use against Defendant, Defendant's parent and related entities, before any grand jury, at any trial, hearing, or for sentencing purposes, any statements made by Defendant's employees and agents, and any information, materials, documents, or objects provided by Defendant to the government pursuant to this Agreement without any limitation. In this regard, Defendant hereby waives any defense to any charges which it might otherwise have under any statute of limitations, pre-indictment delay, or the Speedy Trial Act for 90 days following any breach of this Agreement, except to the extent that such defenses existed as of the date of the signing of this Agreement.

10. Probation Office Not Bound by Agreement. Defendant understands that the sentencing disposition agreed upon by the Parties is not binding upon the United States Probation Office.

11. Information for Probation Office. Defendant agrees to provide all available information requested by the United States Probation Office.

12. Withdrawal of Plea Agreement. Defendant's pleas will be tendered pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure. If the sentencing judge rejects this Agreement, then this Agreement shall be null and void at the option of either the government or Defendant. In this regard, Defendant hereby waives any defense to any charges which it might otherwise have under any statute of limitations, pre-indictment delay, or the Speedy Trial Act for 90 days following any nullification or voiding of this Agreement, except to the extent that such defenses existed as of the date of the signing of this Agreement.

13. Corporate Authorization. Defendant represents that it is authorized to enter into this Agreement, and Defendant's parent represents that it is authorized to agree, on behalf of itself and its subsidiaries and related entities listed in the ECP, to ¶ 5(e)(3) of this Agreement and the ECP. At the time of signing this Agreement, Defendant shall provide to the United States a written statement, to be filed with the U.S. District Court, in the form of notarized legal documents certifying that Defendant is authorized to enter into and comply with all of the provisions of this Agreement. The resolutions further shall certify that Defendant's governing body and Defendant's parent's Board of Directors have authorized these actions, and that all corporate formalities for such authorizations have been observed.



14. Waiver of Appeal. Defendant, through its authorized representative, is aware that 18 U.S.C. § 3742 gives the right to appeal the sentence to be imposed, and that other federal statutes give a defendant the right to appeal other aspects of the conviction. In consideration of this Agreement with the United States as set forth herein, Defendant knowingly and voluntarily agrees to waive the following rights: (a) the right to appeal any aspect of Defendant's convictions, including any pre-charge or pre-trial dispositions of motions or other issues; and (b) the right to bring any collateral attack, or any other writ or motion (except as it may relate to the effectiveness of its legal representation) that challenges Defendant's convictions or sentences. Defendant understands that if it breaches this Agreement at any time by appealing or collaterally attacking the conviction or sentence in any way, the United States may prosecute Defendant for any counts that were dismissed or not charged pursuant to this Agreement.

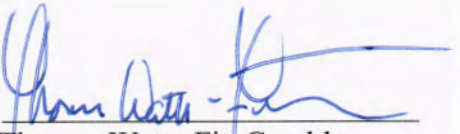
15. Voluntariness of the Plea. Defendant, through its authorized representative, acknowledges that it has entered into this Agreement freely and voluntarily, and that it has been fully advised by counsel, and that no threats or promises were made to induce Defendant to enter into the guilty pleas called for by this Agreement.

16. Statute of Limitations. In the event that this Agreement is not accepted by the Court for any reason, or if Defendant breaches any of the terms of this Agreement, the statute of limitations shall be deemed to have been tolled from the date of the Agreement to: (1) one hundred twenty days following the date of non-acceptance of the Agreement by the Court; or (2) one hundred twenty days following the date on which a breach of the Agreement took place, or when the government learned of the breach.

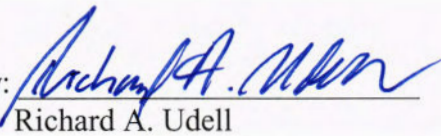
17. Completeness of Agreement. The government and Defendant acknowledge that these terms constitute the entire agreement between the Parties. No promises, agreements, or conditions have been entered into other than those set forth in this Agreement. This Agreement supersedes all prior understandings, whether written or oral. This Agreement cannot be modified other than in a written memorandum signed by the parties or on the record in Court. This Agreement is effective upon signature by Defendant, Defendant's parent, and all of the attorneys for the government.

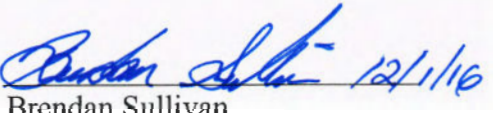
AGREED AND ACCEPTED

WIFREDO A. FERRER  
United States Attorney

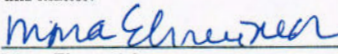
By:   
Thomas Watts-FitzGerald  
Assistant United States Attorney

JOHN C. CRUDEN  
Assistant Attorney General  
Environment & Natural Resources Division  
U.S. Department of Justice

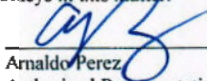
By:   
Richard A. Udell  
Senior Litigation Counsel  
Environmental Crimes Section  
U.S. Department of Justice

By:  12/1/16  
Brendan Sullivan  
Special Assistant U.S. Attorney

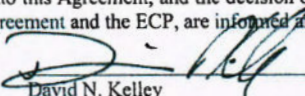
I have been authorized by a corporate resolution of Carnival Corporation & plc to sign this Agreement and bind Princess Cruise Lines, Ltd. Princess Cruise Lines, Ltd. has been advised by its attorneys of its rights, of possible defenses, of the Sentencing Guideline provisions, and of the consequences of entering into this Agreement. Princess Cruise Lines, Ltd. voluntarily agrees to all of the terms of this Agreement. No promises or inducements have been made to Princess Cruise Lines, Ltd. other than those contained in this Agreement. Princess Cruise Lines, Ltd. is satisfied with the representation of its attorneys in this matter.

 11.30.16  
 Mona Ehrenreich Date  
 Authorized Representative  
 Princess Cruise Lines, Ltd.

I have been authorized by a corporate resolution of Carnival Corporation & plc to sign this Agreement in order to bind Carnival Corporation & plc, and its subsidiaries and related entities, with respect only to ¶5(e)(3) of this Agreement and the ECP set forth in Attachment B. Carnival Corporation & plc has been advised by its attorneys of, and specifically understands and voluntarily agrees to, the obligations under ¶5(e)(3) of this Agreement and the ECP. Carnival Corporation & plc agrees to fully fund the ECP and understands and agrees that any violation of its terms by Carnival Corporation & plc, including any of its subsidiaries and related entities obligated to abide by the terms of the ECP, shall be considered as a violation of this Agreement and may constitute grounds for the revocation of probation of Defendant Princess Cruise Lines, Ltd. Carnival Corporation & plc is satisfied with the representation of its attorneys in this matter.

 11/30/16  
 Arnaldo Perez Date  
 Authorized Representative  
 Carnival Corporation & plc

I am counsel for Princess Cruise Lines, Ltd. and Carnival Corporation & plc. I have discussed every part of this Agreement and the ECP set forth in Attachment B with authorized representatives of Princess Cruise Lines, Ltd. and Carnival Corporation & plc. I have fully advised the authorized representatives of Princess Cruise Lines, Ltd. of their rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. Further, I have fully advised the authorized representatives of Carnival Corporation & plc of the consequences of agreeing to be bound by ¶5(e)(3) of this Agreement and the ECP. To my knowledge, the decision of Princess Cruise Lines, Ltd. to enter into this Agreement, and the decision of Carnival Corporation & plc to be bound by ¶5(e)(3) of this Agreement and the ECP, are informed and voluntary.

 11/30/16  
 David N. Kelley Date  
 Bradley J. Bondi  
 Counsel for Princess Cruise Lines, Ltd.  
 Counsel for Carnival Corporation & plc

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. 16-20897-CR-SEITZ

UNITED STATES OF AMERICA

v.

PRINCESS CRUISE LINES, LTD.,

Defendant.

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**JOINT FACTUAL STATEMENT**

The United States of America and the Defendant, Princess Cruise Lines, Ltd. (“Princess” or “Defendant”), hereby agree that this Joint Factual Statement is a true and accurate statement of Defendant’s criminal conduct, that it provides a sufficient basis for Defendant’s plea of guilty to the charges contained in the Criminal Information in the above-captioned matter and as set forth in the Plea Agreement signed this same day, and had this matter proceeded to trial, the United States would have proven the facts contained in this Joint Factual Statement beyond a reasonable doubt.

I. Introduction

Princess is a wholly owned subsidiary of holding companies that, in turn, are owned by Carnival Corporation (“Carnival”). Princess currently has a fleet of 17 cruise ships with three additional ships on order. Princess is one of several “operating lines” that together comprise the “Carnival Group” of companies. Princess and the other cruise ship operating lines are semi-autonomous entities within the Carnival Corporation and Carnival plc (formerly P&O Princess Cruises plc) corporate umbrella. Carnival Corporation and Carnival plc (“Carnival Corporation & plc”) currently monitors and supervises environmental, safety, security, and regulatory requirements for Princess and other Carnival brands. Carnival Corporation & plc operate a total of 101 ships visiting 700 ports around the world, including most major ports in the United States.<sup>1</sup>

As set forth herein, Defendant acknowledges that illegal discharges of oil-contaminated bilge waste (“oily bilge water”) were made from the *Caribbean Princess*, that certain of the discharges likely occurred in U.S. waters, and that the Oil Record Book for this vessel was systematically falsified to conceal the illegal conduct. In pleading guilty, Defendant

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<sup>1</sup> In addition to Princess, those cruise line brands are Carnival Cruise Line, Holland America Line, Seabourn, Fathom, Costa Cruises, AIDA Cruises, Cunard, P&O Cruises UK, and P&O Cruises (Australia).

acknowledges that it is criminally liable for the acts and omissions of its employees and agents acting within the scope of their agency and employment and for Defendant's benefit.

## II. Background

The investigation of Princess was first initiated by the United Kingdom's Maritime and Coastguard Agency ("MCA") in August 2013 after an engineer on board the *Caribbean Princess* cruise ship alerted the MCA that an illegal discharge of oily bilge water<sup>2</sup> had been made through an unauthorized bypass pipe (known throughout the maritime industry and referred to by the whistleblower as a "magic pipe"). The whistleblower, a newly hired engineer, who had just begun his second three month contract with Princess, provided the MCA with evidence and allegations of an illegal discharge of oily bilge water off the coast of England on August 26, 2013. At the time of the discharge, the *Caribbean Princess* was within the Exclusive Economic Zone (EEZ) of the UK, approximately 23 nautical miles from shore.

The whistleblower had taken photographs and video showing the bypass pipe and a photo of the engine control room computer that showed a rate of discharge from an oily bilge water storage tank faster than it could have been legally processed through the ship's oily water separator, a required pollution prevention device. The crew member then resigned, left the ship in Southampton, England, and provided the evidence he had gathered to the MCA which examined the ship and interviewed crew members on the ship's next visit on August 28, 2013.

The MCA's investigation was undermined by multiple acts of obstruction of justice and false statements by senior ship engineers, including the Chief Engineer and Senior First Engineer. These ship officers conducted a cover-up in anticipation of and during the MCA examination, which they learned about from a Bermuda flag surveyor who was onboard for unrelated reasons. As a result of this tip-off, evidence was concealed and/or disposed of that otherwise would have been discovered. The bypass pipe was removed and the system modified by ship officers and crew acting at the direction of the Chief Engineer and Senior First Engineer who also directed subordinate crew members to lie and withhold information. These instructions were repeated after the ship left England and was *en route* to the United States.

The MCA provided the U.S. Coast Guard ("Coast Guard") with before and after photographs showing the bypass in place and then after its removal. The MCA requested Coast Guard assistance since the ship was subsequently due to arrive in the United States.

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<sup>2</sup> Engine Department operations on large marine vessels like the *Caribbean Princess* generate large quantities of oil-contaminated bilge waste sometimes referred to as "oily bilge water" and defined as "water which may be contaminated by oil resulting from things such as leakage or maintenance work in machinery spaces." 33 C.F.R. § 151.05. Any liquid entering the bilge system including bilge wells, bilge piping, tank top or bilge holding tanks is considered oily bilge water." *Id.* The discharge of "oily mixtures" – defined to include a mixture, in any form, with any oil content, including but not limited to oily bilge water and slops from bilges, *id.* – is prohibited unless "the oil content of the effluent without dilution is less than 15 parts per million (ppm) and the ship has in operation required and approved oily water separating equipment, oil content monitor and an alarm." *Id.* at § 151.10.

Upon learning of the MCA's examination, Princess immediately sent an investigative team to the *Caribbean Princess*, which sailed with the ship from September 5 to 11, 2013, as it traveled between Reykjavik, Iceland, to St. John's, Newfoundland and Labrador, Canada,. On or about September 13, 2013, and prior to the *Caribbean Princess*' arrival in the United States, Princess management contacted Coast Guard Sector New York to advise them of the MCA investigation. Princess also instructed a replacement Chief Engineer to make a corrective entry in the Oil Record Book, based on what was known at the time, stating that the MCA was conducting an investigation into an allegation involving the improper discharge of bilge water and that some entries in the Oil Record Book "may be incomplete or may not be accurate."

As set forth herein, the investigation by the U.S. Department of Justice and U.S. Coast Guard determined that at times since 2005, one year after the *Caribbean Princess* started operations, illegal discharges of oil-contaminated bilge water were made from the *Caribbean Princess* and that the Oil Record Book for this vessel was systematically falsified in order to conceal the illegal discharges. Certain crew members and engineers aboard the vessel, at the direction of senior ship engineers, including at least two Chief Engineers, intentionally made illegal discharges of oily bilge water by deliberately bypassing required pollution prevention equipment. This was done on a regular and frequent basis during the period 2011 to August 2013. Certain of these discharges likely occurred within U.S. waters. The ship's Oil Record Book, a required log in which all overboard discharges of oily bilge water must be accurately recorded, was regularly and routinely falsified by these shipboard officers in order to conceal the illegal discharges.

The *Caribbean Princess* is the only Princess vessel known to have used a bypass pipe to illegally discharge oily bilge water. However, other types of improper discharges also occurred on the *Caribbean Princess*. The investigation has determined that these types of other violations, which also resulted in unlawful overboard discharges of oily bilge water, were found to occur on four other "Grand Class" Princess cruise ships of similar design. Princess engineers knowingly failed to maintain accurate Oil Record Books as required and, consequently, concealed these improper discharges.

### III. *Caribbean Princess*

#### A. Background of the *Caribbean Princess* Machinery Space Bilge System

Princess installed multiple bilge water discharge systems on its vessels, including the *Caribbean Princess*, consisting of two oily water separators, three oil content monitors and three 3-way valves (a mechanism to automatically recirculate waste for further processing instead of being discharged overboard). As set forth below, each stage of the pollution prevention system aboard the *Caribbean Princess* was at times intentionally bypassed.

The design of the *Caribbean Princess* during the period of violations, was as follows. Oily bilge water was to be transferred either directly from the bilges or from a double bottom storage tank to a two stage pre-separation tank. Next, the bilge water was processed by the centrifugal oily water separator, referred to by its acronym "COW." The COW included the first of three Oil Content Monitors ("OCMs"). If the first OCM detected more than 15 ppm oil, then the system was designed to recirculate the fluid back to a tank for further processing. If it



detected 15 ppm of oil or less, then the system was designed to transfer the fluid to the oily bilge water holding tank named the Clean Bilge Water Tank ("CBWT"). Next, the contents of the CBWT were to be processed by the static OWS ("SOWS"). If the SOWS OCM detected 15 ppm or less of oil in a sample of the fluid, then the bilge water could proceed through a third and final OCM that was locked inside a metal cage known as the "White Box." The White Box OCM again evaluated the ppm of oil, and a flow meter recorded the total volume of fluid discharged overboard. Only if the oily bilge water was found to contain 15 ppm or less of oil by the COW OCM, the SOWS OCM, and the White Box OCM, should it then have been discharged overboard. All three of the OCMs are wired to valves that re-direct the effluent back to a tank, rather than overboard, if oil concentrations greater than 15 ppm were detected.

The *Caribbean Princess* crew did not use the system as designed. At various times each stage of the *Caribbean Princess* oily bilge water pollution prevention system was bypassed or otherwise defeated. The COW did not function effectively for many years and its OCM was routinely filled with distilled water rather than using an actual sample of oily bilge water thus allowing the effluent to flow to the CBWT regardless of its oil content. During the period from 2011 to August 2013, the ppm alarm was frequently left in an "error" status, indicating that it was either off-line or reading more than 15ppm. The second oily water separator, the SOWS, did not always function effectively and frequently had numerous OCM alarms that prevented discharges. On certain occasions, the operation of the SOWS OCM was defeated by filling it with distilled water rather than a sample of the actual oily bilge water being discharged.

Certain *Caribbean Princess* engineers added seawater upstream of the SOWS for two improper purposes. First, it was sometimes done in order to dilute the oil content of the CBWT in order to make an overboard discharge possible because the oil content had or would otherwise have triggered an alarm. Second, seawater was sometimes run through the SOWS to deliberately conceal the equivalent volume of illegally discharged oily bilge water being discharged overboard at the same time through the bypass to the graywater system. This was done on a regular and frequent basis during the period 2012 to 2013. By running controlled quantities of seawater through the SOWS and White Box, an electronic record was generated on the White Box flow meter that concealed the fact that oily bilge water from the CBWT was actually being discharged overboard through the graywater system during the same time period. This method was used to conceal the discharge on August 26, 2013.

#### B. Deliberate Bypassing from *Caribbean Princess*

Various bypass methods and procedures were used by numerous senior engineers and other crew members over a period of many years to illegally discharge oily bilge water overboard. This conduct took place with the knowledge and/or at the direction of at least two Chief Engineers.

One discharge method used involved pumping the CBWT overboard through the ship's graywater system. The pump used was from a defunct carbon filter purification system that was once supposed to help clean the contents of the tank being processed by the SOWS. The carbon filter system, installed in 2006, did not work as designed and had not been used for its intended purpose since approximately 2007. However, the carbon filter pump and related piping remained in place. When used by the crew to bypass the SOWS, the pump discharged to a standing metal pipe that had a press-to-fit (easy to remove) valve to which a flexible hose was attached. The

other end of the flexible hose was placed into the top hatch of Graywater Tank #11 which was only a few feet away. The weight of the hatch held the hose in place.

This method was used to make the illegal discharge on August 26, 2013, and it had been previously used on numerous of the ship's prior cruises to and from Ft. Lauderdale and the Caribbean during 2013. Prior to 2013, other bypass methods – detailed below – were used to accomplish the same purpose. The Oil Record Book was falsely maintained so as to conceal these deliberate violations of MARPOL from the U.S. Coast Guard.

From approximately 2010 to 2013, the same carbon filter pump had been used to pump oily bilge water from the CBWT to a threaded stub pipe with a valve in a nearby location. A flexible hose was then attached to the threaded pipe and run to the top hatch of Graywater Tank #11. This method was used with the knowledge and at the direction of senior ship engineers when the *Caribbean Princess* was transiting to U.S. ports and through U.S. waters. Access to this bypass pipe was limited and the standing bypass pipe added in 2013 was easier to access.

On March 8, 2014, the criminal prosecutors and investigators conducted a consensual inspection of the *Caribbean Princess* in Houston, Texas. During the visit to the ship the government located the threaded valve based on information obtained from witnesses that had used it. Princess agreed to remove the valve and it was found filled with black oil. The discharge pipe on the carbon filter pump was also removed and it was found largely blocked with thick oil residue.

During an overlapping time period, from approximately 2009 to 2013, a flexible hose and portable Wilden pump were sometimes used to transfer oily bilge water from the CBWT to Graywater Tank #11 through the manhole cover on the top of the tank. Crew members recalled this taking place at various times during the relevant period between at least once per voyage and as often as once per week. At times in 2012, certain crew members used a portable pump and flexible hoses to transfer oily bilge water from the bilge double bottom tanks to Graywater Tank #11.

Other methods were used during prior periods of time. From approximately 2006 to 2009, certain crew members sometimes pumped bilge waste accumulated in double bottom tanks and/or the CBWT to the laundry drain tank through the tank's sounding tube. The laundry drain tank was part of the ship's graywater system. Crewmembers inserted a flexible hose into the double bottom bilge tank by opening a manhole cover and then ran the hose across the engine room to a sounding tube used to measure the volume in the tank. A portable pump was used to transfer the oily bilge water to the laundry drain tank through a flexible hose.

#### C. Discharge on August 26, 2013

On August 26, 2013, the *Caribbean Princess* discharged oily bilge water off the coast of England. The ship was cruising between Invergordon, Scotland and Le Havre, France. At 13:00 hours, the ship's computer showed that the CBWT contained approximately 56.1 cubic meters of oily bilge water. At 14:40 hours, the instruments showed that 10 cubic meters remained in the tank. The discharge was less than shown on the instruments because the computer had not been updated to account for a modification made to the tank years earlier. The actual discharge was



approximately 16 cubic meters (approximately 4,227 gallons). The oily bilge water was pumped overboard through Graywater Tank #11, bypassing required pollution prevention equipment (the SOWS and OCM) as well as the White Box OCM. At the time of the discharge, the *Caribbean Princess* was within the EEZ of the United Kingdom.

The Chief Engineer and Senior First Engineer were involved in making the discharge and they directed the actions of, and received assistance from, subordinate crewmembers, including two Second Engineers, two Motormen and a Fitter. At one point that afternoon, the whistleblower – an uninvolved subordinate engineer – witnessed the flexible hose in place. The whistleblower was relatively new to the ship having served only once previously. When he saw the hose he stated to the Senior First Engineer who was present “this is [expletive deleted] ridiculous.” The whistleblower later returned to this part of the engine room and took photographs and video of the hose and bypass pipe with his cell phone. He also visited the engine control room and saw that the computer showed a graph of the volume over time of the CBWT. The graph showed the drop in volume of 45 cubic meters over 1 hour and 40 minutes. The whistleblower realized that this rate of decrease exceeded the highest possible discharge rate of 5 cubic meters per hour that could have been processed using the SOWS thus confirming his suspicion that an illegal discharge was occurring. The whistleblower also took a photo of the graph displayed on the computer in the engine control room. He observed – and ship instruments confirm – that the SOWS was being run at the same time. This was done to conceal the illegal discharge occurring contemporaneously. The whistleblower also noticed that the ppm readings from the OCM were very steady (and without alarms) during the discharge, signaling to him that the device was being tricked with fresh water or sea water. Handwritten sounding sheets recorded by the motorman on duty during every four hour watch also showed the drop in the volume of the CBWT.

Before the discharge on August 26, 2013, a senior engineer recommended to the Chief Engineer that he offload the contents of the CBWT when the ship was in port so that the tank could be cleaned. Arrangements had already been made to discharge some oily bilge water and sludge from the *Caribbean Princess* to a barge when the ship arrived in France the following day. However, according to one of the Second Engineers, the Chief Engineer refused to also offload the contents of the CBWT to a barge, stating that it would be too expensive and that the shore-side Superintendent would need to approve the removal of the oily bilge water and that he would not want to pay such an expense. After the discharge on August 26, 2013, one of the Second Engineers who had assisted in the illegal discharge complained to the Chief Engineer asking why the illegal discharge was necessary when the oily bilge water could be pumped out to a barge the following day. The Chief Engineer, according to a witness, responded that it would be too expensive to pay for disposal. On August 27, 2013, 38 cubic meters of oily bilge water and 25 cubic meters of sludge were pumped from the *Caribbean Princess* to a barge after the ship arrived in France.

The day after the discharge the Chief Engineer told one of the Second Engineers who assisted in the discharge that there would be an inspection by the MCA when the ship reached Southampton, UK in another day. The Chief Engineer learned this from a flag State surveyor. The Chief Engineer stated that someone had reported to the MCA that the vessel had made an illegal discharge. This was in fact true – the whistleblower had notified the MCA. The Chief Engineer reportedly stated that the Senior First Engineer was going to remove the bypass pipe and the connection to the carbon filter pump and cap off the connections with a blank flange.

The Chief Engineer directed this Second Engineer to take the suspected whistleblower to a different area of the ship while the Senior First Engineer was removing the bypass.

When the ship reached Southampton, UK, the whistleblower left the ship and resigned his position, never returning to the ship. By the time the ship arrived back in Southampton, the carbon filter pump and the bypass pipe had been disconnected. The valve on the bypass pipe had been removed and closed off. The portions of the bypass that were removed and concealed have not been found. Prior to the MCA boarding, some of the lower-level employees were instructed by senior ship engineers to go ashore so that they would not be available for interviews. The Senior First Engineer met with lower-level crew members including two Motormen and a Fitter and instructed them to lie to the MCA. The Chief Engineer visited the personal cabin of one of the Second Engineers who assisted in the discharge and instructed him not to say anything to the MCA about the discharge. The Chief Engineer also directed the other Second Engineer who assisted in the discharge not to tell the truth to the MCA. This conversation took place outside the engine control room because of a concern that microphones in the engine control room would be used to record conversations. The Chief Engineer tried to calm this Second Engineer who was nervous about lying to the authorities. The Chief Engineer and Senior First Engineer spoke with this Second Engineer after his interview with the MCA (in which he provided false and misleading information). The Second Engineer informed them that the MCA had taken a photograph of the computer showing that the carbon filter pump had been used and stopped at 15:30 hours. The Chief Engineer and Senior First Engineer stated that they planned to tell the MCA a false story that this is the time they needed to reboot the computer and that the rebooting was the reason that there was a computer indication regarding use of the carbon filter pump.

On August 28, 2013, after the completion of the MCA inspection, the Chief Engineer held a meeting in the engine control room. It was a sham meeting to pretend to be looking into the allegations of an improper oil discharge. During the meeting, the Chief Engineer held up a sign that stated: "LA is listening." The engineers present understood that anything said might be heard by those at the company's headquarters in Santa Clarita (Los Angeles), California, because the engine control room contained an audio recording device intended to monitor conversations so that, in the event of an incident, communications could be reviewed to determine causative factors.

Princess immediately sent an investigative team to the *Caribbean Princess* after learning of the MCA investigation. The Chief Engineer and Senior First Engineer continued to encourage crewmembers to withhold the truth during the company's internal investigation that took place from September 5 to 11, 2013, on the voyage across the Atlantic to Canada, and prior to the ship's arrival in the United States. Princess brought in replacement crew members for the Chief Engineer, Senior First Engineer, and some of the other engineers and lower-level engine room employees before the ship left Canada. The Chief Engineer and Senior First Engineer continued to meet with subordinate engineers and crew until their departure and encouraged them to continue to lie about the illegal conduct on board.

When the ship arrived in the United States on September 14, 2013, two lower-level crewmembers lied during the U.S. Coast Guard examination due to the above-described comments that had previously been made to them by superior shipboard officers and their fear that they would lose their jobs if they told the truth. Both crewmembers specifically denied knowledge of the bypass or its removal when questioned by the U.S. Coast Guard.

Princess engineers interviewed during the government's investigation indicated that the Chief Engineer responsible for the discharge on August 26, 2013, was known as "*broccino corto*" – which literally means a person with short arms, a colloquial expression in Italian meaning that the person is cheap (i.e., the person so dubbed has arms too short to reach his wallet or other source of funds when payment is due). Several expressed the same view of the shore-side Superintendent to whom the Chief Engineer reported. When these engineers submitted a purchase order, they expected that the order would be reduced. One senior engineer stated he would request more of an item than necessary because he believed the requests would be cut in half. Extensive delays in obtaining spare parts were routine. When Princess sent a new Chief Engineer to the *Caribbean Princess* in September 2013 after the MCA inspection and with direction to troubleshoot the engineering systems, he found a very large number of long pending backorders for spare parts, some of which had been pending for more than a year. He found many of the pending purchase orders had never been opened by the shore-side Superintendent or otherwise acted upon. He also found the engine room to be poorly maintained. According to the new Chief Engineer, the list of outstanding repairs reflected poor management of the *Caribbean Princess* and were the fault of the Chief Engineer and the shore-side Superintendent, neither of whom are still employed by Princess.

#### D. Other Methods Used to Make Unlawful Discharges

Two other improper practices took place on the *Caribbean Princess* which resulted in overboard discharges in violation of MARPOL.

The first practice involved using seawater to dilute the oily bilge water being sent to the SOWS. This was done for the purpose of diluting the bilge water being processed so that it would not trigger the downstream OCMs to alarm and prevent an overboard discharge based on the detection of a concentration of oil in excess of 15 ppm. The second practice involved overboard discharges of oily bilge water originating from the overflow of graywater tanks into the machinery space bilges. This waste was pumped back into the graywater system rather than being processed as oily bilge water by an OWS and monitored by an OCM or discharged ashore. Neither of these practices were truthfully recorded in the Oil Record Book as required.

#### 1. Defeating Monitoring Equipment

At times, operation of the SOWS would trigger frequent alarms that would prevent it from discharging oily bilge water. The engineers on the *Caribbean Princess* sometimes opened an intake valve marked "SW TO STATIC" in order to introduce seawater when the SOWS was in use. The addition of saltwater was not done as part of a maintenance regime or to prime a pump. Rather, the purpose of the dilution was to prevent the Oil Content Monitor on both the SOWS and the White Box from otherwise alarming and stopping the overboard discharge. During the period of time from approximately 2012 to August 2013, this was done on a regular and frequent basis. In 2013, leading up to the discharge on August 26, 2013, shipboard engineers found that, due to the number of frequent alarms, it was not possible to operate the SOWS without adding sea water. Crewmembers that participated in this activity or witnessed it knew believed that the discharges contravened MARPOL. They also knew that the Oil Record Book was false and inaccurate.

Some engine logs from August 2013, indicate that certain engineers cracking open the seawater valve, an apparent indication that they were trying to dilute the CBWT and prevent OCM alarms. However, according to Princess' replacement Chief Engineer, who has served as the company's troubleshooter on multiple ships, the sea water pressure was so high that even when it was partially opened, he believed that little or no oily bilge water from the CBWT could be processed or discharged overboard. In his opinion, the SOWS was processing largely if not entirely clean seawater from the ocean while the White Box flow meter and the entries in the Oil Record Book indicated that oily bilge water from the CBWT was being processed.

Oil Record Book entries concerning overboard discharges made with the addition of sea water were inaccurate. These log entries claimed that the discharge was from the CBWT while omitting mention of, and concealing the use of, seawater. Princess engineers understood that the entries were false with regard to the source of the waste and the volume discharged. The undisclosed addition of seawater concealed the violations and operational problems and improper operation of required pollution prevention equipment.

In certain known instances, such as the bypassing incident on August 26, 2013, the SOWS was run using seawater at the same time as the contents of the CBWT were pumped to the graywater system using the bypass. This was done to deliberately cover up the fact that the bypass pipe was being used to make an illegal discharge during the same timeframe. In such cases, the Oil Record Book was false by omission (lack of an entry for the graywater discharge) and commission (the affirmatively false entry claiming a discharge of oily bilge water from the CBWT).

## 2. Graywater Overflows

Graywater is a waste stream commonly understood to include "accommodation water" (i.e., water accumulated from showers and sinks) and "galley water" (water from the production of food, washing dishes and cleaning kitchens) and laundry facilities. All cruise vessels accumulate and have a need to manage graywater.

Graywater tanks located in the engine room of the *Caribbean Princess* overflowed into the machinery space bilges on a regular basis over an extended number of years. The overflow, was then typically pumped back into the graywater system and sometimes discharged overboard without processing by any OWS or any OCM. The overflows took place when internal floats in the graywater collection tanks got stuck due to large amounts of fat, grease and food particles from the galley that drained into the graywater system.<sup>3</sup> According to crewmembers that worked

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<sup>3</sup> By design, once a tank level reaches a certain point, it is supposed to be automatically pumped overboard or to a separate storage tank, depending on the location of the vessel. The graywater tanks have three internal float switches. The middle switch activates a pump to transfer the contents from the tank to the graywater system. Once the waste is pumped out and the level reaches the bottom float, it signals an alarm and a switch cuts off the power to the pump. If the water level reaches the third or top float, it signals a high level alarm in the engine control room. If the problem is not quickly remedied, the excess graywater will reach an overflow pipe in the tank and spill into the adjacent bilge spaces. If the top float/switch fails, it will overflow without

aboard the *Caribbean Princess*, graywater tanks overflowed at least once a month and, at times, as frequently as once per week. Graywater tanks overflowed most frequently before a ship's arrival in port. According to certain crew members, some of the floats and switches were of inferior quality and more prone to failure. The design of the graywater system also was problematic because galley water drained to the graywater tanks through six (6) to eight (8) inch diameter pipes while the tank discharge pipe was two (2) inches in diameter.

The discharge of graywater is not regulated under the International Convention for the Prevention of Pollution from Ships, as amended (MARPOL), though U.S. law prohibits discharges of graywater in designated no discharge zones and individual states may impose greater restrictions. However, once graywater spilled into the machinery spaces of the vessel, it mixed with whatever other contaminants were present, including any oily bilge water or oil residue. As a result, the overflow into the engine room bilges was legally and factually no longer graywater, but rather, oily bilge water from the machinery spaces and therefore a regulated waste stream. This practice, carried out by low-level crewmembers, was known to engine room personnel, including senior ship engineers, and was known to be a violation of MARPOL. The resulting discharges of oily bilge water from the graywater system were not recorded in the Oil Record Book as required.

The *Caribbean Princess* graywater system consists of a total of 20 graywater collecting tanks, each capable of holding approximately five (5) cubic meters. All of the graywater tanks are piped to two overboard discharge valves, *via* a graywater main. When the ship was in port or within four (4) nautical miles of land, any excess graywater beyond what the 20 tanks could hold was stored in various large graywater double bottom storage tanks (which also serve as ballast tanks). The exact tanks used would depend on the source of the graywater, the location of the ship, and the ship's current stability requirements. Once the cruise ship was outside of four (4) nautical miles from land, the graywater system was put in an "overboard mode" and discharges occurred automatically from the 20 graywater tanks, the graywater main, and the graywater double bottom storage tanks. Because some amount of oil adheres to surfaces such as the walls of a tank, some amount of oil may have been present in the graywater system over a period of time.

When graywater overflows occurred, an unlicensed crew supervisor would typically direct low-level crewmembers to clean it up. The graywater included decomposing food and bacteria. There were no written procedures or other training as to how the clean-ups were to be accomplished. The typical method used was to pump the wastewater back into the graywater system. Although they were not usually involved in this process, licensed crewmembers and engineers were aware that this is how the overflows were being handled and knew that the resulting discharges of what was now oily bilge water violated MARPOL.

Graywater overflows and the overboard discharge of the resulting spills continued uncorrected for many years. The Chief Engineer sent to the *Caribbean Princess* in September 2013 acted as a troubleshooter. Princess asked him to survey the ship for various problems, including unapproved fittings that could be used to bypass required pollution prevention

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a corresponding alarm. If the bottom float switch fails, the pump would continue to operate without any liquid to cool it and eventually would seize up or be damaged.



equipment. Once on the ship, he discovered “stub pipes” near many of the ship’s graywater tanks. The apparent purpose of these pipes was to facilitate pumping overflows from the graywater tanks back into the graywater system, and subsequently overboard. Accordingly, by email dated September 21, 2013, the replacement Chief Engineer informed shore-side officials that unauthorized connections had been made to the graywater system “along the entire length of the ship.” He recommended that the fittings be removed immediately in case there was a port state inspection. Princess approved removing the unauthorized connections and the new Chief Engineer took photographs of each of the locations before and after removal. Princess also provided remedial training for maintenance workers and Engine Department personnel, developed a written policy for handling graywater spills, replaced certain floats and associated alarms, and implemented a new maintenance regime.

#### IV. Other Princess Cruise Ships

Four other “Grand Class” vessels in the Princess fleet are known to have engaged in similar practices to the *Caribbean Princess* with regard to the dilution of oily bilge water with sea water during the use of the oily water separator and with regard to pumping graywater overflows back into the graywater system. Those ships were the *Golden Princess*, *Coral Princess*, *Grand Princess*, and the *Star Princess*. These ships sailed to and from numerous U.S. ports. Both of these practices resulted in overboard discharges in violation of MARPOL. Neither practice was recorded in the Oil Record Books for these vessels. The contamination of the graywater system with oily bilge water, combined with the routine discharge of the graywater system in U.S. waters beyond four (4) nautical miles from shore, means that some discharges likely would have contained some amount of oily bilge water. Numerous crewmembers were aware of this longstanding practice and the failure to record the discharges in the Oil Record Book, both of which took place over a period of many years.

#### V. Violations

The knowing failure to fully record and maintain an accurate Oil Record Book was a violation of the Act to Prevent Pollution from Ships. 33 U.S.C. § 1908(a) and 33 C.F.R. § 151.25 (Act to Prevent Pollution from Ships – Failure to Accurately Maintain an Oil Record Book). The knowing discharge and disposal in the navigable waters of the United States of oily mixtures, specifically oily bilge water that accumulated in the machinery spaces of the *Caribbean Princess* and discharged through the graywater system without the operation of oily water separating equipment and oil content monitor, was a violation of Title 33, United States Code, Section 1908(a) and Title 33, Code of Federal Regulations, Section 151.10(b)(4). The aforementioned practices resulted in the Oil Record Book containing false and misleading entries and knowing omissions when the *Caribbean Princess* was in U.S. ports and waters. Princess engineers were aware of these facts and that the Oil Record Book had been and would be regularly inspected by the U.S. Coast Guard to determine the ship’s compliance with U.S. and International law. Knowingly falsifying the Oil Record Book to conceal the illegal discharges through false entries and omissions violated other U.S. laws including 18 U.S.C. § 1001 (making material false statements), 18 U.S.C. § 1505 (obstruction of agency proceedings), 18 U.S.C. § 1519 (concealment/obstruction of justice). The agreement of two or more people to achieve these objectives, and the acts taken in furtherance of these objectives, was a violation of 18 U.S.C. § 371 (conspiracy). Had the ORB stated the truth, *i.e.*, that the SOWS was being operated with the

addition of seawater in order to prevent the OCM from alarming, or that the SOWS was being used to pump seawater overboard in order to disguise the fact that the contents of the tank had been discharged through a bypass to the graywater system, then the U.S. Coast Guard could have taken enforcement action under MARPOL and U.S. law.

#### VI. Failure to Utilize Sounding Data for Oil Record Book Entries

The routine practice on the *Caribbean Princess*, and other Princess vessels, was to use the overboard counter in the White Box to reverse engineer the Oil Record Book entries. The White Box recorded the volume, dates, and times of discharges and was intended to be used for the purposes of validating entries made in the Oil Record Book. Instead, that White Box data was used to fill out the Oil Record Book rather than using gauges or tank volumetric measurements (“soundings”) taken by the crew. Some engineers may have believed that the White Box flow meter was more accurate. However, various bypass practices were not accounted for, or disclosed. There is no indication that any Princess’ engineer used the actual volumetric soundings taken by the *Caribbean Princess* crew to fill out the Oil Record Book. By back-calculating the Oil Record Book using the White Box data, Princess’ engineers knew that the Oil Record Book would match the white box data, and thus appear accurate. For years, and across its entire fleet, Princess Environmental Officers compared the Oil Record Book entries to the White Box data that was used to create the Oil Record Book entries in the first place instead of serving as a verification system. Accordingly, these comparisons turned up nothing unusual except occasional mathematical errors, and provided no useful insight into the actual operation of the pollution prevention equipment aboard the vessel. Most Environmental Officers did not review the sounding logs or necessarily even know they existed. The *Caribbean Princess* and other Princess vessels maintained a spreadsheet on the engine room computer with sounding data, also known as a “smooth” log. The spreadsheet, in turn, was compiled from actual volumetric measurements (“soundings”), taken by crew on individual hand-written sounding sheets, which were compiled each day and placed in the engine control room. As a result of the investigation, Princess has provided its engineers with new guidance that includes using the sounding log data to compile the Oil Record Book so that it will be a more accurate reflection of actual engineering practices aboard its vessels.

#### VII. Princess’ and Carnival’s Response to the Government’s Investigation

Princess has made certain changes over the last several years in response to the MCA and U.S. investigations, and its own internal investigation. Personnel changes were made on board the *Caribbean Princess*, including removing from service one Chief Engineer, and one Senior First Engineer and six other engineers. Remedial measures to the *Caribbean Princess* itself included replacing both OWSs, replacing two of the OCMs, cleaning out the CBWT, filling pending purchase orders, fixing leaks in the engine room, fixing the leaking shaft seal on the main propeller shaft, and removing the stub pipes that had been added on the graywater system.

Princess also took certain fleet-wide measures. Princess upgraded the OWSs and OCMs aboard all its ships. Vessels constructed prior to 2005 that did not have OCMs compliant with the latest standards set forth by the International Maritime Organization (MEPC Resolution 107(49)) were outfitted with new models that meet those standards. Surveys were conducted of all the ships to identify any unauthorized stub pipes and take appropriate corrective action. CCTV cameras were installed, or existing cameras reconfigured, to cover the OWSs and White

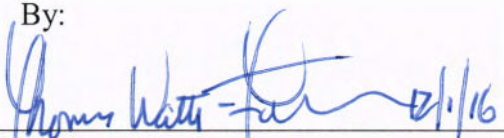
Boxes to allow for review by Environmental Officers. Princess reviewed, revised, and implemented new policies and procedures related to bilge water management operations, and also developed and deployed a shipboard environmental awareness and bilge water management training program; a week-long training and conference for current Environmental Officers; a training program for new Environmental Officers; and an Oil Record Book training program.

Carnival Corporation & plc has also undertaken steps to strengthen and enhance its oversight and compliance structure. Unrelated to the *Caribbean Princess* incident, in December 2013, the company initiated structural changes within its management organization, primary among which was the creation of a position titled "Chief Maritime Officer," placing the responsibility for overall environmental, safety, and security compliance in one individual who receives direct reports from all the brand-level environmental organizations. The CMO in turn reports directly to senior management and an independent board committee responsible for environmental issues, among others. Under the leadership of the CMO, Carnival Corporation & plc has since developed enhanced bilge management policies and procedures that have been deployed across the fleets of all Carnival brands, as well as a comprehensive training program on those new policies. More generally, as of 2014, officers working for Carnival brands must complete enhanced engineering training and periodic assessments. Currently, 4,500 officers must attend annual training. To facilitate training opportunities, Carnival Corporation & plc has expanded its training center in the Netherlands.

Throughout the course of the Department of Justice's investigation, Princess facilitated the availability of approximately 15 government witnesses, flying them to Miami or Washington, D.C., for interviews and testimony, and agreed to a consensual inspection of the *Caribbean Princess* by the government's investigative team.

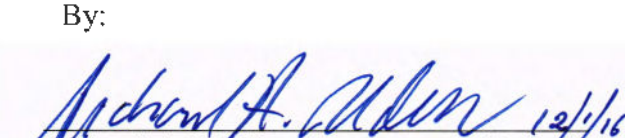
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By:


  
Richard A. Udell Date 12/1/16  
Senior Litigation Counsel  
Environmental Crimes Section

By:



  
Brendan Sullivan 12/1/16  
Special Assistant United States Attorney



As an authorized representative of Defendant Princess Cruise Lines, Ltd., I have read this Joint Factual Statement and carefully discussed every part of it with criminal defense counsel for Princess Cruise Lines, Ltd. I hereby stipulate that the above Joint Factual Statement is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

 11.29.16  
\_\_\_\_\_  
Mona Ehrenreich Date  
Authorized Representative  
Princess Cruise Lines, Ltd.

I am counsel for Princess Cruise Lines, Ltd. I have carefully discussed every part of this Joint Factual Statement with the authorized representatives of Princess Cruise Lines, Ltd. To the my knowledge this is a true and accurate factual statement and provides a sufficient factual basis for charges set forth in the Criminal Information and Princess Cruise Lines Ltd.'s guilty pleas as set forth in the Plea Agreement.

  11/30/16  
\_\_\_\_\_  
David N. Kelley, Counsel Date  
Bradly J. Bondi, Counsel  
Princess Cruise Lines, Ltd.

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

**NO. 16-20897-CR-SEITZ**

**UNITED STATES OF AMERICA**

**v.**

**ENVIRONMENTAL  
COMPLIANCE  
PLAN**

**PRINCESS CRUISE LINES, LTD.**

**ATTACHMENT B  
TO THE PLEA AGREEMENT**

**Defendant.**

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### **Environmental Compliance Plan**

The following standards and requirements for an Environmental Compliance Plan (“ECP”) have been prepared pursuant to the Plea Agreement dated this same date between Defendant, Princess Cruise Lines, Ltd. (“Defendant”), and the United States Attorney’s Office for the Southern District of Florida and the Environmental Crimes Section of the United States Department of Justice (collectively, “Government”). Pursuant to Paragraph 5(e)(3) of the Plea Agreement, Carnival Corporation and Carnival plc (collectively, “Carnival Corporation & plc”) have agreed to fully fund and implement this ECP with respect to the vessels and personnel described below.

#### **I. APPLICABILITY, PURPOSE, AND DEFINITIONS**

##### **A. Vessels to Which Applicable**

This ECP applies to all oceangoing vessels that are owned, operated, and/or manned by Carnival Corporation & plc and any of its Operating Lines<sup>1</sup> (collectively, “CARNIVAL”) and that carry a Certificate of Financial Responsibility (“COFR”), issued pursuant to the Oil Pollution Act of 1990 (“OPA 90”), except those vessels that have been bareboat chartered to an unaffiliated third party. These applicable vessels are listed in **Attachment 1**, as may be amended per Section XI, and hereafter referred to as the “Covered Vessels.”

##### **B. Persons to Whom Applicable**

This ECP shall also apply to all shore-side employees and shipboard crews involved with the operation and technical management of the Covered Vessels, who are hereafter referred to as the “Covered Personnel.”

##### **C. Purpose**

The purpose of this ECP is to ensure that the Covered Vessels fully comply with all applicable marine environmental protection requirements established under applicable international, flag state, port state, coastal state law, and United States laws including, but not limited to, the International Convention for the Prevention of Pollution from Ships (“MARPOL”), and all applicable Federal and state statutes and regulations including, but not limited to the Ports and Waterways Safety Act (“PWSA”), the Act to Prevent Pollution from Ships (“APPS”), the Clean Water Act (“CWA”), and OPA 90, (MARPOL, APPS, CWA, and OPA 90, collectively, “Marine Environmental Protection Requirements”), and to the additional requirements and policies established by this ECP itself. In the case of a conflict between this ECP and any of the aforementioned requirements such that this ECP is less restrictive, then the more restrictive authority shall govern. The purpose of this ECP is also to ensure that environmental compliance Best Practices (as defined herein) are used by the Covered Vessels and related shore -side operations.

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<sup>1</sup> As of the date of the Plea Agreement, these Operating Lines, and the respective cruise ship brands for which they are responsible, are Holland America Group (Holland America Line, Princess Cruise Lines, Seabourn, and P&O Cruises Australia); Costa Group (Costa Crociere and AIDA Cruises); Carnival UK (P&O Cruises UK, Cunard Line, and Fathom); and Carnival Cruise Line.

**D. Definitions**

***Audit Finding*** means an Observation, Non-Conformity, or Major Non-Conformity identified during an audit required under this ECP.

***Best Practices*** means those policies and procedures that, based on experience and research, consistently and reliably prevent an Audit Finding.

***Brands*** means CARNIVAL's cruise ship brands as of the date of the Plea Agreement, as may be modified when necessary: Princess Cruise Lines, Carnival Cruise Line, Holland America Line, Seabourn, Fathom, Costa Cruises, AIDA Cruises, Cunard, P&O Cruises UK, and P&O Cruises Australia.

***CAM*** means the Court Appointed Monitor appointed pursuant to Section VI.

***CARNIVAL*** means Carnival Corporation & plc and all of its Operating Lines.

***Carnival Corporation & plc*** means, collectively, Carnival Corporation and Carnival plc.

***CCM*** means CARNIVAL's Corporate Compliance Manager.

***Covered Personnel*** means those CARNIVAL employees who are subject to this ECP pursuant to Section I.B.

***Covered Vessels*** means those CARNIVAL vessels that are subject to this ECP pursuant to Sections I.A and XI.

***Critical Environmental Components*** means all parts necessary for Critical Environmental Equipment to operate effectively.

***Critical Environmental Equipment*** means all pollution prevention equipment, as well as equipment necessary to limit or prevent propulsion shaft leakages and greywater and sewage tank overflows.

***Defendant*** means Princess Cruise Lines, Ltd.

***ECP*** means this Environmental Compliance Plan.

***EMS*** means Environmental Management System, which is the set of CARNIVAL policies, procedures, and other documentation described in this ECP, portions of which may be Operating-Line specific, that supports environmental operations.

***Engineer*** as it is used in this ECP shall be synonymous with the term "engineering officer."

***Government*** means the United States Attorney's Office for the Southern District of Florida and the Environmental Crimes Section of the United States Department of Justice.

***HESS*** is a CARNIVAL acronym for Health, Environment, Safety & Security.



***Interested Parties*** means the Government, the United States Probation Office for the Southern District of Florida, the Seventh Coast Guard District (dp), and the U.S. Coast Guard Office of Investigations & Analysis.

***Major Non-Conformity*** means an observed situation where objective evidence indicates a violation of a Marine Environmental Protection Requirement or policies established by this ECP that consists of or contributes to the discharge or potential discharge of oil, or oily wastes, or other prohibited wastes into the water. It may also include the discovery of pollution prevention equipment determined to be incapable in terms of processing and monitoring capabilities or inadequate with respect to the quantities of wastes such equipment is required to process.

***Marine Environmental Protection Requirements*** means, collectively, the International Convention for Prevention of Pollution from Ships (MARPOL), the Act to Prevent Pollution from Ships, the Clean Water Act, and the Oil Pollution Act of 1990.

***MP&A*** means Carnival Corporation & plc's Maritime Policy & Analysis department.

***Non-Conformity*** means an observed situation where objective evidence indicates a violation of a Marine Environmental Protection Requirement (see Section I.C, above) or a policy or procedure established by this ECP, regardless of whether it is immediately repaired or remedied. All audit line items which are not completely compliant with the requirements of this ECP are Non-Conformities.

***Observation*** means a statement of fact made during an audit and substantiated by objective evidence that could lead to a Non-Conformity if not addressed. If pollution prevention equipment requires a repair of any kind to be operational for a proper test by any auditor, it will be identified as an Observation.

***OLCM*** means a CARNIVAL Operating Line Compliance Manager.

***Open Reporting System*** means CARNIVAL's Ethics & Compliance reporting hotline and website.

***Operating Lines*** means Carnival Corporation & plc's four operating lines as of the date of the Plea Agreement: Holland America Group, Costa Group, Carnival UK, and Carnival Cruise Line.

***PMS*** means an Operating Line or Brand Planned Maintenance System.

***RAAS*** means Carnival Corporation & plc's Risk Advisory and Assurance Services department.

***Satisfactory*** means when used on auditing forms and guides, the line item requirement is met. The item completely satisfies the ECP requirement without any additional effort on behalf of Carnival.

***TPA*** means the Third Party Auditor appointed pursuant to Section VII.

## **E. Incorporation**

This ECP shall be incorporated into the Plea Agreement by reference, and CARNIVAL's compliance with the terms of this ECP will be a Special Condition of Defendant's Probation. CARNIVAL's failure to comply with any part of this ECP, including but not limited to i) refusal to pay

valid charges for the CAM or TPA; ii) failure to provide the CAM or TPA or other personnel, auditors, or inspectors the material support needed to achieve the objectives of this ECP; or iii) failure to provide the CAM or TPA complete unrestricted access to vessels, facilities, personnel, or non-privileged documents (except to the extent such access is inconsistent with the safety and security of a vessel, its crew, or passengers), may be a basis on which the Government may move to revoke or modify Defendant's probation.

**F. Supplementation of Crews and Shore-Side Resources**

In the course of implementing this ECP, should inadequacies in the size and capabilities of vessel crews be proven as a contributing factor to their inability to meet the objectives of this ECP, CARNIVAL agrees to supplement crews as needed, consistent with vessels' lifesaving arrangements, and/or to provide additional shore-side resources.

**G. Consequences of Employee Obstruction of ECP**

CARNIVAL shall take appropriate action, up to and including dismissal, against any individual who obstructs or hinders the development or implementation of this ECP, or presents false information or makes false statements during any inspection, monitoring, auditing, or inspection function required by this ECP, or to any U.S. authority performing an inspection or Port State Control activity. CARNIVAL will promptly notify the CAM and the Interested Parties of any report or evidence of obstruction or hindrance of the implementation of this ECP. CARNIVAL shall initiate an investigation and report the results of such investigation to the Interested Parties within sixty (60) days.

**H. Modifications**

Any proposed modifications to this ECP must be made in writing and signed by the CCM on behalf of Defendant. A proposed modification shall be submitted to the Interested Parties, which each shall have thirty (30) days to provide written comments on the proposal. If no comments are provided within the thirty (30) day period, the modification will become effective. If an objection is made in writing within the thirty (30) day period, and CARNIVAL and the Interested Parties are unable to resolve the issue, either Defendant or the Government may file a motion before the United States District Court with responsibility to supervise probation as designated at the time of sentencing.

**I. Obligation to Maintain Copies of ECP and EMS**

CARNIVAL will maintain copies of this ECP and the EMS within its existing HESS-MS electronic platform and/or other electronic platforms, to which senior shipboard personnel and shore-based supervisory staff must have ready access.

**J. Right of Inspection**

CARNIVAL understands that representatives of the U.S. Coast Guard may board, audit (to include personnel designated by CG-INV assisting in an audit performed by the TPA), or inspect Covered Vessels managed under this ECP at any time they are found within the jurisdiction of the United States, both pursuant to existing authority and pursuant to this ECP. A lack of available cabin space to accommodate U.S. Coast Guard personnel who wish to assist a TPA audit shall not be deemed a violation of CARNIVAL's obligations under this ECP.

## **II. REPORTS AND COMMUNICATIONS**

### **A. Submission of Documents**

All audits, reports, and documents required by this ECP to be provided by CARNIVAL to any or all of the Interested Parties, the TPA, and the CAM shall be submitted electronically. CARNIVAL shall provide hard copies of any such materials upon request. Submissions from CARNIVAL to CG-INV may be emailed to the following address if the file(s) are less than 10GB: USCGECP@uscg.mil.

### **B. Format**

All submissions to the Interested Parties that involve discussion of an Audit Finding shall identify the Audit Finding at the beginning of the document, even if issues leading to the Audit Finding are remedied immediately after being identified.

## **III. CORPORATE STRUCTURE AND RESPONSIBILITIES**

### **A. Corporate Compliance Manager and Operating Line Compliance Managers**

1. Prior to the entry of the Plea Agreement, Carnival Corporation & plc shall designate a senior corporate officer as the Corporate Compliance Manager (“CCM”) and each Operating Line shall designate a senior corporate officer as an Operating Line Compliance Manager (“OLCM”). The CCM shall report directly to the Chief Maritime Officer of Carnival Corporation & plc (who in turn reports to the Health, Environment, Safety & Security (“HESS”) Committee of the Board of Directors of Carnival Corporation & plc) and have overall responsibility for implementation of this ECP. The OLCMs shall report directly to the CCM with respect to the ECP-related responsibilities of this ECP, and have responsibility for implementation of this ECP within their respective Operating Lines.
2. The CCM and OLCM positions shall be filled by individuals with commercial maritime vessel operational experience, who possess the authority to ensure full implementation of this ECP, and who are thoroughly familiar with the requirements of this ECP, and domestic and international maritime environmental laws and regulations. CARNIVAL shall provide the Interested Parties with the names and contact information of the CCM and OLCMs.
3. The CCM shall be authorized to access all records, documents, facilities, and vessels, including all spaces within vessels necessary to perform their function, throughout CARNIVAL for the purpose of implementing this ECP.
4. The OLCMs shall be authorized to access all records, documents, facilities, and vessels, including all spaces within vessels necessary to perform their function, throughout their respective Operating Lines and subsidiary organizations for the purpose of implementing this ECP.
5. The CCM shall communicate with the TPA on at least a bi-weekly basis and will ensure that the internal and TPA audits to be performed under this ECP are carried out.

6. The OLCMs shall be responsible for ensuring that Audit Findings resulting from any audit under this ECP are appropriately documented, tracked, and resolved and that resolutions are thoroughly documented in a format that can be readily audited. These efforts shall be executed in coordination with the CCM. Documentation produced as a result of these efforts shall be made available, upon request, to any personnel performing audit functions under this ECP, including the Interested Parties.
7. The CCM is responsible for developing and implementing a tracking mechanism to ensure that CARNIVAL takes corrective action on Audit Findings made by the TPA and makes timely reports to Interested Parties within the timeframes provided in this ECP. This tracking system shall be established no later than the thirty (30) days after sentencing. The OLCMs shall be responsible for ensuring actual corrective action is taken on Audit Findings made by the TPA related to their respective Operating Lines.
8. The CCM shall be responsible for ensuring the maintenance and necessary upgrades of the EMS with respect to those provisions that apply across the Covered Vessels and Covered Personnel, while the OLCMs shall be responsible for ensuring the maintenance and necessary upgrades of those EMS provisions that are specific to their respective Operating Lines.
9. Within three (3) months after sentencing, the OLCMs shall be responsible for developing a ship-level annual budget process to ensure that each Covered Vessel is provided adequate funding for shore-side disposal of wastes, including solids, bilge water, oily wastes, and sludge; the minimization and management of waste streams; the maintenance, technical upgrade, or replacement, as appropriate, of environmental equipment; and funding necessary to meet the other requirements of this ECP. Such budgets shall include a methodology to estimate quantities to be sent ashore and/or processed by the Covered Vessels, based on historical data and expected itinerary or equipment changes. All records of any waste sent ashore shall be retained onboard for three (3) years, and thereafter stored ashore for two (2) years, and be available to the TPA. Within three (3) months of sentencing, the OLCMs will create a system to tally and track on a quarterly basis the tons of waste solid and liquid sent ashore for each Covered Vessel. The OLCM will record quarterly waste volumes by tracking daily quantities offloaded from Covered Vessels.
10. The OLCMs shall be responsible for annually certifying in writing to the CCM to the adequacy of Covered Vessel operating budgets, including costs related to the operation, maintenance, and repair of pollution prevention equipment, use of shore-side reception facilities, labor costs relating to maintenance of machinery spaces, and other related costs necessary to meet the objectives of this ECP. The certification shall be made with the understanding that any false information knowingly submitted is subject to prosecution under 18 U.S.C. § 1001. The submission shall include a narrative summary in the aforementioned areas and explain the analysis used to determine if such budgets are adequate or not. The certification shall also include an analysis of each Covered Vessel's annual waste stream budget and an explanation of any significant differences in costs that exist from year to year. The CCM shall submit the OLCM certifications to the HESS Committee of the Board of Directors of Carnival Corporation & plc as part of the

CCM's annual report to the Committee, which will in turn be provided to the Interested Parties, as discussed below.

11. The CCM and the relevant OLCM shall review and document in a timely fashion reports of Major Non-Conformities, Non-Conformities, or other Observations reported by employees and shall initiate, monitor, and document all actions taken as a result of such reports as required by Section VIII below. An investigation shall also be initiated if an anomaly is identified in a Covered Vessel's budget. The CCM and OLCMs shall maintain records of such reports and actions taken, and shall make them available for review by the TPA and the CAM.
12. The CCM shall ensure that CARNIVAL develops and communicates policies as part of the EMS, detailed in **Attachment 2**, that prohibit retaliation against those who report a violation of this ECP, the EMS, or other Marine Environmental Protection Requirements, and establish that an employee's failure to provide notification regarding any such violation is grounds for discipline or dismissal.
13. Within three (3) months of the date of sentencing, the CCM shall be responsible for establishing a CARNIVAL policy and message that is communicated to all shipboard Covered Personnel that they shall not follow illegal orders that violate international law, the laws of the United States, or CARNIVAL policy and that any such orders involving this ECP, the EMS, or other Marine Environmental Protection Requirements can and shall be reported immediately to the respective OLCM, CCM, Master, or Environmental Officer, or through the Open Reporting System, discussed below.
14. The CCM and OLCMs shall be responsible for ensuring the development of the Training Requirements, detailed in **Attachment 3**. As part of those Training Requirements, the CCM and OLCM shall be responsible for ensuring that new Covered Personnel are trained that environmental policy compliance, and accurate and truthful recordkeeping, are extremely important, and that CARNIVAL will take appropriate disciplinary actions for any violations.
15. Under the direction of the CCM, the OLCMs shall be responsible for ensuring the full implementation of the Engineering Requirements, established in Section IX of this ECP.
16. Within three (3) months of sentencing, the OLCMs shall be responsible for ensuring the development and maintenance of a system to track and report each Covered Vessel's machinery space waste quantities and capacities. The CCM shall provide the Interested Parties with this data on a quarterly basis.
17. The CCM and OLCMs shall be responsible for ensuring Best Practices are continually developed to maintain the integrity and performance of waste management systems. Such Best Practices shall include regular assessments of potential technological improvements to environmental waste management technologies. Once a year the CCM and OLCMs will meet to define and identify Best Practices regarding policies, procedures, OWS and OCM equipment, and other pollution prevention equipment (including sewage processing). Summaries of these meetings will be included in the CCM's annual report to the HESS

Committee of the Board of Directors of Carnival Corporation & plc required under Section III.E.

**B. Risk Advisory and Assurance Services Department**

1. CARNIVAL shall maintain its independent Risk Advisory and Assurance Services (“RAAS”) department. This department shall report directly to Carnival Corporation & plc’s Board of Directors. This department shall:
  - a. Conduct fully independent internal audits of all Covered Vessels annually to ISM Code requirements (incorporating safety, environmental, and operational criteria).
  - b. Investigate Covered Vessel casualties and oil pollution incidents in accordance with CARNIVAL’s incident investigation policy.
  - c. Investigate Environmental Open Reports, as defined below, in accordance with CARNIVAL’s incident investigation policy.
  - d. Make recommendations to the CCM regarding improvements to the EMS.
2. At the conclusion of an audit, and in accordance with CARNIVAL’s internal audit policy, the Chairman of the Operating Line Audit Review Committee shall ensure that corrective and preventive action plans are developed as required, and verify that such action plans are implemented.

**C. Maritime Policy & Analysis Department**

1. CARNIVAL shall maintain its Maritime Policy & Analysis (“MP&A”) department, which shall manage an environmental near-miss program that ensures the reporting, documentation, and tracking of near-miss incidents. The program shall require reporting, documentation, and tracking of incidents that have a low to high risk impact on the environment. Near-miss reports should include informal complaints validated through investigation, incidents that would have resulted in the unintentional discharge of any substance if preventative measures were not in place, and improper execution of any crew member’s waste management duties.
2. On a quarterly basis, CARNIVAL will provide to shipboard Covered Personnel a report summarizing significant incidents, including near-miss incidents, involving pollution prevention equipment that occurred on Covered Vessels during the previous quarter. These reports will be provided to the Covered Personnel aboard Covered Vessels and descriptions of these incidents shall be in narrative format describing the incident involved and addressing known causal factors.

**D. Reporting of Non-Compliance (Open Reporting)**

1. CARNIVAL shall maintain its Ethics & Compliance reporting hotline and website (“Open Reporting System”) through a contractually independent organization. The Open Reporting System shall be available on all Covered Vessels. Through the Open Reporting System shore-side and vessel personnel may anonymously



report via a free website portal, independent email account, or toll-free phone number issues of non-compliance with this ECP, the EMS, and Marine Environmental Protection Requirements (“Environmental Open Report”).

2. CARNIVAL must provide any crew member aboard the Covered Vessels with information about CARNIVAL’s Open Reporting System within the first seven (7) days of each term of employment, and shall inform its shipboard Covered Personnel of the availability of this reporting system by posting notices in common lounge spaces of officers and crewmembers, and the engine control room, as well as through company publications and organization-wide announcements issued on at least an annual basis. Crew shall be advised that incidents where components of pollution equipment are improperly used, manipulated, or inoperable should be reported through the Open Reporting System or to the OLCM, CCM, Master, or Environmental Officer.
3. CARNIVAL shall be responsible for maintaining this Open Reporting System and ensuring its independence from the Operating Lines.
4. CARNIVAL shall establish procedures for and make arrangements to ensure anonymity of such reporting when desired by the individual making the report.
5. The CCM shall be promptly informed of each such Environmental Open Report, as shall the OLCM for the particular Covered Vessel or Covered Personnel, if known, that is the subject of the Environmental Open Report.
6. The CCM shall promptly disclose to the CAM any Environmental Open Report containing a credible allegation of a violation by Covered Personnel of any Marine Environmental Protection Requirement or requirement of this ECP. The CCM’s disclosure will include the Environmental Open Report and any documents or files (including photographs or video) attached or included by the reporter. The CAM is responsible for prompt disclosure to the Interested Parties of the same materials. CARNIVAL shall initiate an investigation of such Environmental Open Reports, pursuant to its incident investigation policy, and report the results of such investigation to the CAM and the Interested Parties within sixty (60) days.
7. All Environmental Open Reports relating to a Covered Vessel shall be fully disclosed to the TPA prior to an external audit of that Covered Vessel.
8. In order to demonstrate that the Open Reporting System is working, the CCM shall ensure that summary information about the Environmental Open Reports is provided to shipboard management on a quarterly basis, who in turn will distribute the information to the shipboard Covered Personnel. Such reports shall be generated even if no Environmental Open Reports have been received during the preceding quarter.

**E. Corporate Accountability**

1. A violation of any provision in this ECP aboard any Covered Vessel, whether or not operated or manned by Defendant, or by Covered Personnel, whether or not employed by Defendant, shall be considered a violation by Defendant.



2. At least quarterly, the OLCMs shall submit written reports to the CCM, who in turn shall submit a written summary to the Chief Executive Officer of Carnival Corporation & plc concerning compliance with and implementation of this ECP, the EMS, and other Marine Environmental Protection Requirements.
3. At least annually, the CCM shall provide to the HESS Committee of the Board of Directors of Carnival Corporation & plc a written summary concerning compliance with and implementation of this ECP, the EMS, and other Marine Environmental Protection Requirements. All issues of non-compliance, including Audit Findings, will be fully disclosed and detailed, along with any corrective action planned and/or taken. The report will highlight previously identified Audit Findings that have not been addressed. CARNIVAL will provide copies of these reports to the CAM within ten (10) business days after the reports have been provided to the HESS Committee of the Board of Directors.
4. Six (6) months prior to the conclusion of the third year of the probationary period, and six (6) months prior to the end of the probationary period, the CCM shall ensure a trend analysis is conducted of all Major Non-Conformities, significant Non-Conformities; recurring minor Non-Conformities and Observations; and identify corrective actions taken or recommended. The CCM shall provide a copy of the trend analysis to the CAM and Interested Parties within ten (10) business days of the completion of each analysis. The analysis shall include an assessment of the contribution, if any, of the following factors to the identified issues:
  - a. Human factors
  - b. Procedural-implementation tools
  - c. Equipment performance and faults
  - d. Parts ordering processes
  - e. Oversight
  - f. Adequacy of the current pollution prevention equipment and an assessment of available technology
5. The CCM shall promptly notify the CAM of all circumstances whereby CARNIVAL fails to fully support and finance requirements of this ECP and EMS.

**F. Full Cooperation**

1. At least annually, in the first quarter of every fiscal year, the CEO of Carnival Corporation & plc and the President (or equivalent senior executive) of each Operating Line shall advise all employees of i) Defendant's criminal conviction and probation; ii) CARNIVAL's commitment to environmental compliance; and iii) to the existence of this ECP, its material provisions, and how to access a copy of it.
2. The CCM, the OLCMs, and the Master aboard each Covered Vessel shall take all necessary steps to ensure the full cooperation of all employees during all activities

required by this ECP and EMS. Employees and entities authorized to conduct business aboard Covered Vessels shall be required to cooperate with all such activities as a condition of employment. Any failure to fully cooperate shall be addressed in a manner consistent with Section I.G above.

3. CARNIVAL shall provide cooperation to all persons performing audits and inspections, regardless of location. The CCM and OLCMs shall ensure that the CAM and the TPA, and any other inspection, auditing, monitoring personnel, or U.S. Coast Guard personnel involved in the auditing of any Covered Vessel have unrestricted access to all vessel areas (except to the extent such access is inconsistent with the safety and security of a vessel, its crew, or passengers, *e.g.*, the bridge and engine control room during port or close quarters maneuvering operations), documentation, personnel, and material equipment. Every audited vessel or office shall provide private locations for one-on-one interviews between employees and the various inspection, auditing, or monitoring personnel. For the avoidance of doubt, a Master's decision, in his or her sole reasonable discretion, that any space on a Covered Vessel may not be accessed for reasons of safety and security shall not be deemed obstruction or grounds for discipline even if the decision is subsequently reversed.

#### **IV. VESSEL PERSONNEL**

##### **A. Environmental Officers**

1. An Environmental Officer ("EO") shall be on board all Covered Vessels, unless an exception is granted under CARNIVAL's internal policy governing an EO's roles and responsibilities. In the event that a Covered Vessel must operate without an EO on board, the CCM and the cognizant OLCM shall be notified and the Master must assign the EO duties to the Chief Engineer, the Staff Captain, and/or another senior, non-watch standing officer. A corrective action plan must be developed in accordance with CARNIVAL's internal EO policy, with the requirement that a qualified replacement EO will join the Covered Vessel within seven (7) calendar days.
2. An EO shall:
  - a. Unless an incumbent EO, have an Engine Officer license and/or an environmental or science-based bachelor's degree or higher.
  - b. Be provided with a technical training qualification card that will require a licensed senior engineer to train and familiarize the EO with the operation of pollution prevention equipment specific to the ship that he or she is onboard. EO technical competency will be assessed by the Chief Engineer and completion of the EO qualification card verified by the Master.
  - c. Only be responsible for monitoring the ship's environmental compliance activities, including waste operations. Shall not be assigned watch keeping duties or operational responsibilities.
  - d. Report directly to the Master and document any compliance violations or omissions in writing to the Master and Chief Engineer.

- e. Have successfully completed all of CARNIVAL's mandated EO training and possess general knowledge about the ship's operations.
- f. Be responsible for training on waste management practices and procedures to all crewmembers and ensuring that those procedures are executed in accordance with up-to-date corporate policy.
- g. Have access to all areas of the vessel, equipment and components, and records, including those records that assess the ability and proficiency at which vessel crewmembers comply with the policies and procedures established by the EMS.
- h. Complete written handover notes to his or her relief that identify the following:
  - i. The status of the implementation of policies and procedures related to this ECP or the EMS, to include any changes to waste management practices aboard during the EO's tenure.
  - ii. Any changes to waste management equipment on board including tanks, piping, and pumps during the EO's tenure.
  - iii. Any changes to applicable Marine Environmental Protection Requirements during the EO's tenure.
  - iv. A summary of expected discharge volumes for each waste stream processed or landed ashore and a detailed explanation of any changes to those discharge volumes that occurred during the EO's tenure or are expected during the next EO's tenure.
- i. Review environmental records for completeness and accuracy.
- j. During underway periods
  - i. Conduct a daily assessment of waste management practices that will include review of sounding data both before and after any discharge that occurs and compare such data with all other volumetric measurements including White Box data.
  - ii. Conduct unannounced machinery space visits at least twice per week to observe the operation of the OWS and OCM (when in operation) for a period of one hour, including start and stop times. At least one (1) of the two (2) required weekly visits will be conducted outside of normal day work hours. During his observation period, the EO shall also review Engine Control Room display data relevant to waste management such as the Integrated Monitoring Alarm Control Systems (IMAC) and Engine Room alarm printouts.
- k. Maintain a ship master key with access to all areas save passenger cabins.

3. CARNIVAL shall, within three (3) months of sentencing, develop an EO Competency Framework that will detail the relevant knowledge and skills (including technical proficiency) required of EOs.
4. In addition to the training for EOs prescribed in **Attachment 3** and elsewhere in this ECP, CARNIVAL shall, within three (3) months of sentencing, adopt and implement a training and assessment program designed to ensure EOs meet the requirements of the EO Competency Framework. This program shall require, at a minimum, that:
  - a. EOs participate annually in five (5) contiguous days of in-person training and assessments, with a strong emphasis on understanding and demonstrating proficiency with the technical aspects of pollution prevention equipment. During this training, EOs will be given hands-on experience with pollution prevention equipment. At least the first year of this training program will be centered on equipment within the bilge-water processing system, including the OWS, OCM, and White Box. At the end of the in-person training, EOs will be subject to a formal, written assessment of their knowledge and skills, including technical skills.
  - b. EOs who are employed as of the date of implementation of the 5-day in-person training and assessment must complete it within nine (9) months of that date. EOs hired after the implementation date of the 5-day in-person training must complete it before they assume their duties.
5. Within three (3) months of sentencing, CARNIVAL shall hire an EO training manager, who shall have an Engine Officer license, will have prior experience having sailed and served at the level of 2nd Engineer or higher, and has demonstrated knowledge of and experience with the Marine Environmental Protection Requirements. The EO training manager shall:
  - a. Oversee the EO training and assessment program.
  - b. Serve as an additional shore-side resource for EOs to consult with concerning technical aspects of the operation of pollution prevention equipment.
  - c. On an annual basis, visit a sample of ships to conduct reviews of the EOs aboard those ships with respect to their performance and technical proficiency with pollution prevention equipment, and to otherwise maintain his or her personal presence among the EOs.
  - d. Provide the CCM and relevant OLCM with records documenting the results of the annual EO assessments and the EO training manager's ship visits.

**B. Engineers**

1. Chief Engineers on board all Covered Vessels shall be responsible for:

- a. Ensuring implementation of the Engineering Requirements established in Section IX of this ECP (as applicable to his/her vessel) as well as the ship specific Bilge Water and Sludge Management Plan, documenting any variations thereto.
- b. Assisting in the audit process, which must include the various requirements, policies and procedures addressed in Section VIII.
- c. Monitoring and managing shipboard machinery space generated wastes, and review logs associated with the conditions of any equipment having oil to sea interfaces on a weekly basis. Review entries made in the ORB and sign each completed page prior to submitting the ORB to the Master for his/her signature. Look for anomalies regarding increasing or decreasing levels of bilge water in the bilge water tank(s) and compare the rate capacity of the Oily Water Separators (“OWSs”) and/or the clean bilge water tank pump, as applicable, to the actual volumes being processed per hour. Review ORB entries to help ensure they are being made in accordance with MEPC 1/Circ.736/Rev.2 guidance, and any Flag-specific requirements.
- d. Timely resolving (through repairs and/or applicable EMS procedures) engine room or machinery space related environmental concerns, such as inoperative or ineffective pollution prevention equipment, waste handling or monitoring equipment, and leakages such as those which may stem from pump seals, packing glands or line breaks, tank overflows, or due to any other causes contributing to the accumulations of bilge fluids, oily mixtures and sludge type wastes.
- e. Ensuring that all Engine Room wastes that are subject to special handling requirements are properly managed.
- f. Ensuring that all shipboard engine room personnel and the EO receive appropriate training applicable to their position on environmental policies and procedures, including but not limited to training on the operation and use of pollution prevention equipment, incinerator, OWS, and Oil Content Monitor (“OCM”), and the making of entries in the Oil Record Books, Garbage Record Book, or any other logs required by this ECP or other Marine Environmental Protection Requirements.
- g. Ensuring that at the end of each contract and any short-term relief period the Chief Engineer’s handover notes include an environmental component and description of the current status of operation, maintenance, and repair for the Incinerator, OWS, OCM, and other pollution prevention procedures or equipment, the status of spare parts and overdue or canceled parts orders for the aforementioned equipment, and an estimation of the day-to-day bilge loads and accumulations. If a company-specified format for handover notes is used, this shall require descriptive entries as stated above, not solely answers marked as “Yes” or “No”.
- h. Ensuring that all engineers, excluding hotel engineers, are trained to ensure that soundings and tank measurements are properly taken and are

not based on White Box data, and that such measurements are recorded truthfully in applicable Engine Room records. Ensure that manual sounding logs and/or other documents used by engine room personnel to record tank soundings and monitor tank levels are maintained throughout the course of probation. Such manual sounding logs or documents shall be dated.

- i. Reporting to the OLCM all instances when any pollution prevention equipment requires repair parts or is not operating properly or where inadequate response associated with spare parts delivery, maintenance and repair or other factors caused conditions leading to excessive production in shipboard waste streams.
  - j. At a minimum, ensuring that he has reviewed the following logs, identified any issues that need to be corrected, and instituted any necessary corrective actions:
    - i. Oil Record Book
    - ii. Ship's Planned Maintenance System ("PMS"), and any unplanned maintenance or repair activities.
    - iii. Parts requisitions
  - k. Maintaining environmental seals as set forth in Section IX.B of this ECP in a location only accessible by the Chief Engineer and inspect each damaged environmental seal number to ensure environmental seals having identical numbers are never used. Include an inventory of the unused Environmental seals as a required component of the Chief Engineer's handover notes.
2. All shipboard engineering officers with or without waste management responsibilities, including the Chief Engineers, on board Covered Vessels, shall:
- a. When requested, assist the EO in the execution of his or her duties. Failure to provide such assistance shall be reflected as a negative in an engineer's performance assessment.
  - b. Comply with the Engineering Requirements established in Section IX of this ECP (as applicable to his/her vessel).
  - c. Assist in the audit process regarding the various requirements, policies and procedures addressed in Section VIII.
  - d. Timely resolve (through repairs and/or applicable EMS procedures) engine room or machinery space related environmental concerns, such as inoperative or ineffective pollution prevention equipment, waste handling or monitoring equipment, and leakages (except those necessary for packing cooling) stemming from pump seals, packing glands or line breaks, or due to any other causes contributing to the accumulations of bilge fluids, oily mixtures and sludge type wastes.

- e. With respect to senior watch-keeping engineers, at the end of each contract ensure that handover notes include an environmental component and description of the current status of operation, maintenance, and repair for the Incinerator, OWS, OCM, and other pollution prevention equipment, the status of spare parts for the aforementioned equipment, and an estimation of the day-to-day bilge loads and accumulations. If a company-specified format for handover notes is used, this shall require descriptive entries as stated above, not solely answers marked as “Yes” or “No”.
- f. Report to the Master, EO, or relevant OLCM or through the Open Reporting System all instances where inadequate response associated with spare parts delivery, maintenance, and repair, or other factors, including the ability of shipboard personnel to stay current with existing workloads and unfavorable conditions leading to excessive production in shipboard waste streams.

**C. Master**

- 1. In addition to any other existing statutory and regulatory requirements, the Master of each Covered Vessel bound for the United States shall ensure in its 96-hour (or 24-hour, depending upon normal transit time) Electronic Notice of Arrival (eNOA) into a U.S. Port that the U.S. Coast Guard is informed of any equipment malfunction related to Marine Environmental Protection Requirements.
- 2. In addition to his regular duties, the Master shall:
  - a. Have access to the training tracking system, described in **Attachment 3**, with respect to Covered Personnel aboard the Master’s vessel in order to ensure that these personnel have received appropriate training necessary to ensure compliance with this ECP, the EMS, MARPOL, Ballast Water Management and all applicable maritime pollution protection requirements, including EPA Vessel General Permit (“VGP”) requirements. Additionally, the Master shall ensure that any checklists or quick reference guides necessary for the proper implementation of these requirements are maintained in a location on board the vessel accessible to all crewmembers.
  - b. Maintain on board the vessel all records required by international conventions and treaties, including SOLAS, the ISM Code, MARPOL, applicable U.S. State and Federal statutes and regulations, and any additional documents or records required under this ECP and EMS. Records shall be maintained for five (5) years and without exception through the completion of the five (5) year period of probation. Records older than three (3) years may be stored ashore. Additionally, the Master will make such records available to the TPA and the Interested Parties upon request.
  - c. Personally review handover notes for the Chief Engineer, Staff Chief Engineer (or equivalent), and Environmental Officer. Ensure that such handover notes are reviewed by the oncoming officer and include a descriptive environmental compliance component and information related



to the status, handling, and discharge of any vessel generated wastes, and the operation of the OWS, OCM, and Incinerator.

- d. Verify completion of the EO qualification card, as required under Section IV.A.2.b.

## **V. SHORE-SIDE COVERED PERSONNEL**

### **A. Operation, Maintenance, and Repair Personnel**

1. CARNIVAL shall require all shore-side Covered Personnel having routine involvement with any aspect of the operation, maintenance, and repair of Covered Vessels to report in writing to the relevant OLCM any information related to the inability of a Covered Vessel or its crew to comply with this ECP or any other Marine Environmental Protection Requirement. This may include, but is not limited to, information learned from contractors and technicians reviewing or working on orders to purchase lubrication oils, spare parts for pollution prevention equipment or equipment having oil-to-sea interfaces, requests for additional cleaning crews, reviewing or receiving information related to repairs or replacement of pollution prevention equipment, piping, or related systems, discussions with shipboard personnel, or employment of divers for underwater surveys. Such information shall also include knowledge obtained during any ship visits, audits, or inspections, regardless of the stated purpose of the particular visit, audit, or inspection.
2. CARNIVAL agrees to review whether, in the context of the equipment replacement cycles of individual vessels, to harmonize its pollution prevention equipment onboard all of its vessels to minimize fleet-wide differences associated with the operation, maintenance, and repair of the equipment, the replacement of various components, and the training of personnel.

### **B. Spare Parts Identification and Rapid Replacement Program**

1. For the purposes of this section, "Critical Environmental Equipment" shall include all pollution prevention equipment, as well as equipment used to limit or prevent propulsion shaft seal leakages or greywater and sewage tank overflows. "Critical Environmental Components" shall include all parts necessary for the Critical Environmental Equipment to operate effectively, *e.g.*, float switches and OCMs.
2. Shore-side engineering personnel shall develop and implement a system to identify Critical Environmental Equipment and Critical Environmental Components.
3. Critical Environmental Components will be identified separately in the PMS of each Operating Line or their associated Brands, as applicable. All Critical Environmental Components shall be promptly processed, identified as priority items, and tracked and monitored by the Operating Line or Brand Purchasing and Technical Departments. A monthly report shall be provided to the respective OLCMs summarizing Critical Environmental Component order statistics, including lead times from requisition to fulfillment on board, open order aging, and, for auto-replenishment programs, the volume of parts replenished. Operating Line and Brand Purchasing Departments shall be trained in recognizing Critical

Environmental Component spare orders and supplying such spares to vessels with a minimum of delay.

## **VI. COURT APPOINTED MONITOR**

### **A. Selection of Court Appointed Monitor**

During the entire probationary period, a CAM shall monitor CARNIVAL's compliance with this ECP. Within sixty (60) days of sentencing, CARNIVAL will submit to the Government a list of three (3) qualified candidates for the CAM position, from which the Government will select a candidate to serve. In the event that none of the candidates are found acceptable, or if the work of the CAM is unsatisfactory at any time, the Government may request that CARNIVAL supply additional candidates. The Government reserves the right to reject any proposed CAM.

### **B. Staff Qualifications**

The CAM must employ staff with the following experience:

1. expertise and competence in the regulatory programs under United States and international marine safety and environmental laws;
2. expertise and competence to assess whether CARNIVAL has adequate management systems, particularly human and fiscal resources, in place to ensure regulatory compliance, correct non-compliance, and prevent future non-compliance; and
3. demonstrated capability to evaluate the effort and commitment of CARNIVAL in satisfying the requirements of this ECP and the EMS.

### **C. Compensation and Expenses**

The reasonable compensation and expenses of the CAM, and any persons hired by the CAM in connection with its duties under this ECP, shall be paid by CARNIVAL. Compensation of the CAM and the people it hires shall be in accordance with the reasonable and customary terms commensurate with their respective experience and responsibility.

### **D. Confidentiality**

The CAM shall maintain the confidentiality of any non-public information entrusted or made available to the CAM by CARNIVAL (whether directly or through the TPA or the Interested Parties). The CAM shall share such information only with the Interested Parties and the TPA, as appropriate under this ECP, and shall sign a non-disclosure agreement with CARNIVAL memorializing the same. Within thirty (30) days after the end of the CAM's term, the CAM shall either return any information obtained from CARNIVAL, or certify that such information has been destroyed. Anyone hired by the CAM shall also sign a non-disclosure agreement with similar return or destruction requirements as set forth in this paragraph.

**E. Reports and Notifications**

CARNIVAL shall ensure that the CAM is provided all reports and notifications as established in this ECP. This includes providing the CAM with access to all non-privileged internal environmental audit reports and supporting documents with respect to the Covered Vessels and Covered Personnel.

**F. Tasks and Responsibilities**

The CAM shall be assigned the following tasks and responsibilities and shall be required to provide written submissions to the Court as follows:

1. Review the relationship between CARNIVAL and the TPA, and evaluate the adequacy of measures taken to ensure that the TPA acts with independence.
2. The CAM may inspect or investigate any aspect of the TPA's activities as those relate to the requirements of this ECP, and shall be provided full access to all non-privileged records, audit personnel, Covered Vessels (except to the extent such access is inconsistent with the safety and security of a vessel, its crew, or passengers), and shore-side facilities as is necessary to perform its duties.
  - a. As part of this effort, the CAM may attend, at its reasonable discretion, any shore-side audit or shipboard audit conducted by the TPA. A lack of available cabin space to accommodate the CAM shall not be deemed a violation of CARNIVAL's obligations under this ECP if evidence is provided that no berthing space is available..
  - b. The CAM's findings and reports shall include information obtained during attendance of these TPA audits, specifically, information regarding the relationship between CARNIVAL and the TPA, as discussed in paragraph 1 above, and any inadequacies in the audit process, as discussed in paragraph 6 below.
3. Conduct a review and submit an annual report to CARNIVAL and the Interested Parties regarding the rounds of audits conducted by the TPA.
  - a. The annual reports shall provide a summary of the CAM's findings with respect to the adequacy of the audits and recommendations for change made by the TPA.
  - b. The annual report shall also include and address any other information of which the CAM becomes aware pertaining to CARNIVAL's capabilities to meet the objectives of this ECP, including any inadequacies of the TPA or with respect to CARNIVAL's performance, whether personnel-based or related to any of its Covered Vessels, systems, equipment, or components. All reports shall be certified as true and accurate by the CAM.
4. During years one (1) through four (4) of the probationary period, conduct a review of CARNIVAL internal environmental audits with respect to Covered Vessels and Covered Personnel, as well as the trends analysis overseen prior to the end of year three (3) by the CCM. The CAM's review shall assess the ability of CARNIVAL's

internal audit process to accomplish the objectives of this ECP, including any inadequacies with respect to CARNIVAL's performance, whether personnel-based or related to any of its Covered Vessels, systems, equipment, or components.

5. During the final year of the probationary period, conduct a review of all CARNIVAL internal environmental audits with respect to Covered Vessels and Covered Personnel, as well as the trends analysis overseen by the CCM, to assess the implementation of CARNIVAL's internal audit process and determine if a continual improvement process is in place to establish Best Practices and assess potential technological improvements.
6. If the CAM receives information regarding a Major Non-Conformity, or a failure of CARNIVAL to consider and act upon, as appropriate, an Audit Finding or recommendation of the TPA, the CAM must immediately report the occurrence to the Interested Parties.
7. Provide any additional reports to CARNIVAL and the Interested Parties, as requested by the Court or as appropriate, concerning any of the issues discussed in the preceding paragraphs.

## **VII. THIRD PARTY AUDITOR**

### **A. Selection of Third Party Auditor**

During the entire probationary period, a TPA shall conduct the audits and submit the reports described in Section VIII. Within sixty (60) days of sentencing, CARNIVAL shall submit to the Government a list of three (3) qualified candidates for the TPA position, from which the Government will select a candidate to serve. To the extent practicable, CARNIVAL will endeavor to submit candidates that have not provided auditing services to CARNIVAL within the last calendar year prior to the signing of the Plea Agreement, or is not associated with the Classification Societies or Flag Administrations to which the Covered Vessels are classed or registered. CARNIVAL will disclose to the Government any candidate that does not meet these objectives. In the event that none of the candidates are found acceptable, or if the work of the TPA is unsatisfactory at any time, the Government may request that CARNIVAL supply additional candidates. The Government reserves the right to reject any proposed TPA. All work performed by the TPA and its auditors must be certified as being accurate and truthful. Willfully falsifying, concealing or covering up a scheme or material fact; false, fictitious, or fraudulent statements are subject to fine or imprisonment under 18 U.S.C. § 1001.

### **B. Qualifications**

Qualified candidates for the TPA include individuals or firms that have staff capable of applying up to date International Standards Organization ("ISO") 14000 environmental management auditing criteria and have the following experience: expertise and competence in the regulatory programs under United States and other Marine Environmental Protection Requirements; experience in performing environmental audits in industrial or maritime environments; sufficient expertise and competence to assess whether CARNIVAL has adequate policies, procedures, and equipment in place to ensure compliance with this ECP and to ensure regulatory compliance, correct non-compliance, and prevent future non-compliance.

**C. Adequacy of Staff**

The TPA must have adequate staff to perform the work required of this ECP. Due to the in-depth nature of the audit criteria, persons with specialized knowledge and experience will be required to perform the audits. The knowledge, skills and abilities of the TPA and staff must align with the criteria of the audits. Experienced personnel with extensive operational, maintenance and repair of shipboard and machinery space systems, equipment, and components is a prerequisite. The TPA shall employ at least one senior level Marine Engineer (Chief, First or Second Engineer) to perform shipboard machinery space audits. The TPA shall provide the Government the resumes of the TPA's auditors assigned to conduct shore-side and vessel audits.

**D. Contract, Compensation, and Expenses**

CARNIVAL agrees to provide the Government the contractual agreement between CARNIVAL and the TPA detailing the scope of work that the TPA will perform. The reasonable compensation and expenses of the TPA, and any persons hired by the TPA in connection with its duties under this ECP, shall be paid by CARNIVAL. Compensation of the TPA and the people it hires shall be in accordance with the reasonable and customary terms commensurate with their respective experience and responsibility.

**E. Contractual Independence**

During the term of probation, the TPA shall not directly own any stock in CARNIVAL and must have no other ongoing contractual or business relationship, other than that of the TPA, with CARNIVAL, and may not seek or serve in other capacities with CARNIVAL, unless first disclosed to the Interested Parties, the Court, and the CAM, and unless expressly approved by the Interested Parties. The TPA must exercise independent judgment and ensure that the objectives set forth in this ECP are met. CARNIVAL and the TPA shall notify the Interested Parties if any contractual relationships or proposed contractual relationships between CARNIVAL and the TPA arise during the term of probation.

**F. Functional Independence**

The TPA shall function independently of CARNIVAL. The TPA shall not receive or request approval of any form from any employee of CARNIVAL regarding the development, clearance, or evaluation of any document, report, or communication of any kind, whether draft or final, required by this ECP.

**G. Confidentiality**

The TPA shall maintain the confidentiality of any non-public information entrusted or made available to the TPA by CARNIVAL (whether directly or through the CAM or the Interested Parties). The TPA shall share such information only with the Interested Parties and the CAM, as appropriate under this ECP, and shall sign a non-disclosure agreement with CARNIVAL memorializing the same. Within thirty (30) days after the end of the TPA's term, the TPA shall either return any information obtained from CARNIVAL, or certify that such information has been destroyed. Anyone hired by the TPA shall also sign a non-disclosure agreement with similar return or destruction requirements as set forth in this paragraph.

**H. CAM Access**

The TPA agrees to provide the CAM full access to all records, personnel (including auditors), and any other information associated with its responsibilities in fulfilling the requirements of this ECP. The

TPA shall provide the CAM with all audit reports. The TPA will permit the CAM to attend any audit at any time.

**I. TPA Access**

The TPA shall have full access to Covered Personnel, company records, Covered Vessels (except to the extent such access is inconsistent with the safety and security of a vessel, its crew, or passengers) and shore-side facilities to perform its auditing function.

**VIII. AUDITING PROCESS**

**A. Timing and Numbers of Audits**

1. Audits (as described below) shall commence as soon as is reasonably practicable after the Government selects the TPA. Each year, these audits shall be of:
  - a. All of the shore-side environmental-related operations subject to this ECP.
  - b. All of the Covered Vessels that are operated by Defendant.
  - c. Twenty percent (20%) of the Covered Vessels not operated by Defendant.
2. Consistent with the parameters above, the TPA shall have the sole discretion to select when and which Covered Vessels to audit, consistent with scheduling and availability of those vessels. To achieve the objectives of this ECP, audits shall take place while the vessels are underway. The audits may take place overseas and/or during coastwise voyages. Except that the TPA may expand the number of Covered Vessels audited in the event that Major Non-Conformities are discovered or if other Non-Conformities are discovered indicating serious potential fleet-wide problems. The TPA may also perform follow-up audits on previously audited Covered Vessels for the purpose of verifying corrective actions taken with respect to Audit Findings.
3. Ten percent (10%) of the TPA's audits conducted after the first year of probation shall be unannounced. With respect to audits of Covered Vessels, "unannounced" shall mean that the TPA is required to provide only as much notice to the vessel as may be required by local port or other regulatory requirements, if any, but recognizing that advance coordination will be required with CARNIVAL's shore-side personnel in order to determine if there is cabin space available to accommodate the TPA and to otherwise make arrangements for the TPA to board the vessel. A lack of available cabin space to accommodate the TPA shall not be deemed a violation of CARNIVAL's obligations under this ECP if evidence is provided that no berthing space is available.
4. The audits during the fifth year of probation will assess CARNIVAL's full implementation of its updated EMS and evaluate, for the Government, CARNIVAL's capability to ensure and sustain complete compliance with the requirements of this ECP, the EMS, and other Marine Environmental Protection Requirements. The TPA shall provide independent verification of the status of CARNIVAL's compliance with this ECP and indicate all previously identified Audit Findings that have not been addressed.

**B. Audit Procedures**

1. Audits will be collectively performed to ascertain and evaluate all areas, including the systems, equipment, components, and current practices (whether such practices are documented or not), and the knowledge, skills, and abilities of shipboard and shore-side Covered Personnel as they relate to the requirements of this ECP, the EMS, and Marine Environmental Protection Requirements.
2. The TPA shall ensure that the audits conducted in each year of probation collectively cover all of the requirements below. The decision of which of these particular requirements to focus on in any given audit, and the audit steps to test those requirements, will be committed to the discretion of the TPA.
  - a. Assess all waste streams developed from any system, equipment and components found in any engine room or machinery space onboard the vessel that may contribute to bilge loading, including observations and documentation describing any apparent leakages. Documentation shall include photographs and/or video.
  - b. Determine the status and quantify leakages, to the extent reasonably possible, that could impact the bilge system stemming from:
    - i. all pump and valve seals and glands during operation;
    - ii. all piping systems, flanges, gaskets, fittings and joints;
    - iii. all equipment casings such as main and auxiliary engines, and reduction gears;
    - iv. the operation of engines, boilers, incinerators, evaporators; and
    - v. other mechanical components found aboard the vessel.
  - c. Assess the performance of the OWS, OCM, Incinerator, emissions filtration devices, exhaust gas cleaning systems, black water systems, and any other pollution prevention equipment to handle the quantities and types of wastes developed during normal operations, including an evaluation of the capacities for all tanks or containers associated with the management of oily residues (sludge), bilge water, other oily wastes, or other wastes.
  - d. The assessment of the performance of the OWS and OCM will specifically include an operational test of the system under actual operational conditions. This test shall include one (1) hour of continuous processing of the contents of the bilge holding tank without dilution, and without dilution of the sample line leading to the OCM, conducted in the presence of the TPA, Chief Engineer, the EO, and any other engine room personnel assigned responsibility for the operation and/or maintenance of the OWS. If an actual discharge is not feasible due to the location of the vessel or the levels of the Bilge Holding Tanks, then the discharge shall be through a recirculation line, in accordance with procedures approved by the vessel's



Classification Society, and provided further that soundings of the Bilge Holding Tanks shall be made before and after the test and shall be made a part of the audit record, and providing that any alarms shall be recorded and made a part of the audit record, all of the above to be recorded in the Oil Record Book (Part I). In the event that the assessment determines that the OWS is not operating as designed, then an immediate report shall be made to the cognizant OLCM, the Interested Parties, and the CAM, with a copy of the engine room alarm printout to be retained and appended to the Oil Record Book page documenting the test. Any time a piece of pollution prevention equipment does not operate on the initial attempt during these audits, such activity will be documented as an Observation.

- e. Include an evaluation of documentation tracking the maintenance, repair, and modifications of such pollution prevention equipment, and notification of equipment failure to the shore-side personnel.
- f. Assess each vessel's crew and its ability to handle the operational, maintenance, and repair workloads in maintaining all systems, equipment, and components onboard in order to minimize waste stream development, and in particular assessing, after consultation with the Chief Engineer, if necessary, whether the size of the engineering crew is adequate for the customary workloads. Work hours may be used to assess the adequacy of workloads.
- g. Assess the adequacy of the EMS, procedures, current practices, and equipment, including storage capabilities used to manage shipboard solid wastes generated in all areas of the vessel, and the effectiveness of garbage management plans.
- h. Assess the machinery spaces for vulnerabilities to unauthorized ways to dispose of waste, and document any methods or vulnerabilities so identified.
- i. Assess the adequacy of the vessel's crewmembers to maintain the following records, as applicable, including a thorough comparative analysis of recorded values (against each other where possible):
  - i. Oil Record Book (Part I);
  - ii. Engine Room alarm records;
  - iii. Tank sounding sheets;
  - iv. Personnel work records and lists;
  - v. Maintenance records;
  - vi. Vendor service records related to pollution prevention equipment or operations;
  - vii. Oily bilge water and oil residues (sludge) receipts;

- viii. Deck Log;
  - ix. Garbage Record Book;
  - x. Oil to Sea Equipment Interface records;
  - xi. Hazardous waste manifests;
  - xii. Solid waste discharge receipts;
  - xiii. OCM calibration records;
  - xiv. Training records;
  - xv. Inspection Documents; and
  - xvi. EMS or audit documents.
- j. Assess the adequacy of the policy, procedures, and current practices used to store and dispose of the following, if applicable:
- i. Solvents;
  - ii. Degreasers
  - iii. Cleaning wastes;
  - iv. Batteries;
  - v. Paints;
  - vi. Oily rags;
  - vii. Fluorescent and incandescent bulbs;
  - viii. Expired boiler and engine chemicals;
  - ix. Used boiler and engine chemicals;
  - x. Galley greases;
  - xi. Pyrotechnics;
  - xii. Medical supplies;
  - xiii. Contaminated bunkers;
  - xiv. Used Oils and greases;
  - xv. Incinerator ash;
  - xvi. Transformer oils;

- xvii. Contaminated refrigerants; and
  - xviii. Hazardous materials.
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- k. Assess and evaluate documentation showing whether all vessel officers understand the requirements of this ECP, the current environmental section of the HESS-MS, and the EMS as to the obligations and responsibilities of their respective positions.
  - l. Assess the EMS and current practices and procedures associated with the Master and Chief Engineer's capability to communicate regarding issues relating to the EMS with shore-side personnel, including the CCM, OLCM, and other appropriate managers as required, and review such communications.
  - m. Assess through interviews of crewmembers and review of records the adequacy of shipboard pollution prevention and environmental protection training and meetings involving discussions of operations relating to environmental protection.
  - n. Assess the current practices and procedures used on the vessel and ashore to track crewmember environmental training, and the availability of, and access to, training resources on board and ashore.
  - o. Assess the adequacy of reference materials related to each environmental procedure required by this ECP, the EMS and other Marine Environmental Protection Requirements.
  - p. Assess the adequacy of existing reporting methods, including the Open Reporting System, to report environmental concerns through a user-friendly system and evaluate whether a reporting individual may remain anonymous; further reviewing processes for handling reports of environmental concerns made by crewmembers and shore-side personnel; also evaluate the adequacy of signage and instructional material posted onboard the vessel relevant to availability and use of the existing reporting methods.
  - q. Assess the existing HESS-MS and EMS to ensure that vessel vendors, technicians, and other non-crewmembers are encouraged to follow requirements regarding pollution prevention and environmental protection when aboard the vessel.
  - r. Assess the existing Environmental Control System ("ECS") tracking and valve locking program, including the storage of ECS seals, and the prevention of the use of duplicate ECS seals.
  - s. Assess the existing HESS-MS and EMS procedures and the equipment used to maintain refrigeration units, including the availability and status of refrigerant recovery units, the procedures for recovering refrigerants, and the maintenance of a refrigerant leak log.

- t. Assess the existing HESS-MS and EMS procedures and equipment related to oil transfer procedures, including bunkers, bilges, and sludge discharges, and the conditions of hoses, connections, and transfer equipment, including reviews of Declarations of Inspections, as well as methods in place to prevent illegal discharges via the shore connections.
- u. Assess the EMS procedures and the equipment used to handle emergency releases of hazardous fluids or pollutants on deck or within machinery spaces of the vessel, including a review of the Shipboard Oil Pollution Emergency Plan and an evaluation of the capabilities of personnel performing such duties.
- v. Assess all records related to any failure of existing safety or other management systems, including a review of Major Non-Conformities and respective corrective actions.
- w. Assess the existing HESS-MS and EMS procedures associated with ballast water management and anti-invasive species requirements.
- x. Assess the existing HESS-MS and EMS procedures addressing compliance with the VGP under the EPA's National Pollutant Discharge Elimination System in U.S. waters.
- y. Assess the availability and content of various manuals, schematics and documents required in the use of all pollution prevention equipment and activities.
- z. Assess continual improvement systems, including procedures for ensuring that CARNIVAL policy and procedures reflect updates to MARPOL and other Marine Environmental Protection Requirements.

**C. Audit Protocols**

1. Audits of Covered Vessels may take place overseas and/or during coastwise voyages. To achieve the objectives of this ECP, the vessel audits will be performed while the vessel is underway, when systems are in operation, and when personnel are performing their normal routines.
2. Audit check list items shall include narrative statements indicating how audit determinations were made and the identities of individuals interviewed in the course of the audit. All identified audit check list item will be recorded as Satisfactory or not and reported in the beginning of every audit report. Observations, Non-Conformities, or Major Non-Conformities shall be described in narrative detail.
3. Each audit shall positively identify any Observations, Non-Conformities, and Major Non-Conformities.
4. If during any audit a Major Non-Conformity is noted, the TPA shall promptly notify the CCM, the relevant OLCM, the CAM, and the Interested Parties, even if the violation is corrected immediately by the crew. Such notification must include

a recommended course of action. The OLCM shall ensure that the necessary notifications occur as required by applicable international and/or United States laws and regulations.

5. If during a test of a piece of pollution prevention equipment the TPA observes that the equipment is not operational or not operating as designed, the TPA shall promptly notify the CCM, the relevant OLCM, and the Interested Parties. Any steps initiated by CARNIVAL to address equipment problems, should be included in the notice to the CCM.
6. In making its assessments and recommendations related to equipment used to gain compliance with Marine Environmental Protection Requirements, the TPA may consult with the manufacturers of such equipment. In the event the TPA forms recommendations from such consultations, those recommendations will be documented with an analysis of available technologies to improve waste management.

#### **D. Audit Reports**

1. The TPA shall produce an audit report for each vessel and shore-side facility audit that (i) identifies each audited item and whether it was Satisfactory or resulted in an Audit Finding, and (ii) contains detailed Audit Findings, including the factual basis for each Failure in narrative form. Audit Findings that the audited vessel or facility was able to immediately rectify shall still be included in the audit report.
2. Audit reports shall identify and summarize in the first few pages any Major Non-Conformities, as well as any other Audit Findings with respect to the following particular areas of concern:
  - a. Any instance of a machinery space holding tank overflowing and root cause(s), if known.
  - b. Notice of improperly operating tank volume control devices, including float switches.
  - c. After reviewing each vessel's ORB, any indications that data has not been thoroughly verified or entered as required.
  - d. Any instance where OWS or OCM equipment does not work properly or is altered in any way, including changes to alarm or electronic recording devices (unrelated to routine maintenance).
  - e. Recommendations generated from consultations with the manufacturers of pollution prevention equipment under paragraph VIII.C.6 above.
3. Covered Vessel audit reports shall include the vessel's waste volumes disposed of ashore, as must be tracked in accordance with paragraph III.A.9 above.
4. Audit reports shall also address any of the following issues:

- a. All environmental-related allegations, including any allegation that pollution prevention equipment was not used in accordance with documented procedures.
  - b. All indications that Critical Environmental Components are not being ordered, or received, in a timely manner.
  - c. Indications of poor housekeeping.
  - d. Indications of excessive leaking into the bilges or bilge loading.
  - e. All instances of waste water overflows, including greywater, black water, and bilge water.
  - f. All instances where solvents or chemicals incompatible with the OWS are used in machinery spaces.
  - g. OWS operation times and a comparison with alarm data and other engine room data available.
5. Audit reports shall include, if appropriate, recommendations to correct any Audit Findings, to include the above described areas of concern, as well as identify any related potential Best Practices.
6. Audit reports shall contain information related to the audit's administration and identify the following:
  - a. Audit scope, including the time period covered by the audit.
  - b. The date(s) the on-site portion of the audit was conducted.
  - c. Identification of the audit team members.
  - d. Days/hours spent during onboard phase of the audit.
  - e. Identification of the company representatives and regulatory personnel observing the audit.
  - f. The distribution list for the audit report.
  - g. A summary of the audit process, including any comments on any obstacles encountered.
  - h. In the conclusion, whether a follow-up audit of the vessel or shore-side facility is recommended within a (specified) timeframe to review corrective and preventive action taken.
7. Audit reports shall contain a narrative description that includes, but is not limited to, the following:

- a. Attitude and ship-board culture. Each report will specifically address the attitude and culture of the working relationship between the EO and engineering personnel responsible for waste management.
  - b. Conflicts pertaining to the interpretation of this ECP and its requirements (including timetables) or with respect to recommendations made by the TPA to CARNIVAL as a result of an Audit Finding.
  - c. Names or positions of those with whom the TPA discussed any conflicts in the interpretation of ECP requirements between the TPA and CARNIVAL.
8. Audit reports will include a remarks section that may incorporate any information the auditor deems relevant.
  9. The individual who performs the actual audit (or in the case of a team of auditors, the lead auditor) will acknowledge and certify by signature within each audit report that he or she understands that any false information or statements intentionally submitted in the audit report is subject to prosecution under 18 U.S.C. § 1001.
  10. TPA shall submit all audit reports, in electronic form, to CARNIVAL, the Interested Parties, and the CAM. Upon request, the TPA shall also provide the audit working papers and any of the TPA's correspondence related to the audits. When such requests are made, the Interested Parties shall be copied. The TPA shall make hard copies of the audit reports available upon request.

**E. TPA's Annual Report and Findings**

1. At the conclusion of each annual round of audits, the TPA shall develop a report of findings summarizing the audits ("Annual Report and Findings"). An Annual Report of Findings must be completed within sixty (60) days of completion of each annual round of audits. It shall incorporate information obtained from the individual audit reports and shall provide CARNIVAL any recommendations to improve its EMS, including recommendations for follow-up audits where considered necessary.
2. If the TPA concludes it will be unable to complete its Annual Report of Findings within the sixty (60) day period, and determines that additional time will be needed to analyze available information, or to gather additional information, the TPA may request that the Interested Parties grant the TPA such additional time, as required.
3. CARNIVAL agrees to develop and submit a response to the TPA's Annual Report of Findings to the CAM and the Interested Parties for review and comment. Such response shall be due within sixty (60) days of receipt of such Annual Report of Findings.

**F. TPA Audit Findings and Corrective and Preventive Actions**

1. CARNIVAL must address each Audit Finding through corrective action with respect to the particular Covered Vessel or shore-side operation that is the subject of the Audit Finding, and, where appropriate, with preventive action across a



broader set of Covered Vessels or shore-side operations if CARNIVAL determines that an Audit Finding presents a sufficiently high risk beyond the particular Covered Vessel or shore-side operation in question. If there is an unresolvable disagreement between CARNIVAL and the TPA as to an Audit Finding, such disagreement will be brought to the attention of the Interested Parties.

2. CARNIVAL will provide the funding and resources required to facilitate implementation of corrective and preventive actions. Corrective action for Major Non-Conformities shall commence as soon as is reasonably practicable. Corrective action for other Audit Findings shall commence within forty-five (45) days of the respective audit closing meeting.
3. The CCM shall ensure that corrective and preventive actions are taken to address any Audit Findings related to shore-side operations within Carnival Corporation & plc, taking into account any recommendations or suggested Best Practices received from the TPA.
4. The OLCMs shall ensure that corrective and preventive measures are taken to address any Audit Findings related to vessels or shore-side operations within their respective Operating Lines, taking into account any recommendations or suggested Best Practices received from the TPA.
5. As part of the CCM's annual report to the HESS Committee of the Board of Directors of Carnival Corporation & plc required under this ECP, the CCM shall report on the status of implementation of all corrective and preventive measures.

## **IX. ENGINEERING REQUIREMENTS**

### **A. Time of Implementation**

Unless otherwise stated, all of the Engineering Requirements set forth below shall be implemented on Covered Vessels as soon as is reasonably practicable, but in any event not later than three (3) months from the date of sentencing.

### **B. Environmental Control System**

1. CARNIVAL shall implement an Environmental Control System ("ECS") to help prevent unauthorized usage or connections within the engine room and machinery spaces. Under the ECS, CARNIVAL shall require crew members to use numbered seals, locks, or welds (on flanges) to prevent the unauthorized connection to, and discharge through, piping systems that are or may be connected to the oily bilge system or overboard discharge connections.
2. Seals used as part of the ECS seals shall be non-reusable and uniquely numbered. An ECS Seal Log shall be maintained by the Chief Engineer that records each time a seal is affixed or removed, including the date, time, seal number removed, seal number affixed, personnel involved, and reason for any seal removal / replacement. The keys used to open locks utilized as a part of the ECS shall be controlled.

3. Any existing seals that are found to have deteriorated or had their numbers partially/completely erased shall be replaced immediately, with the reason for replacement entered in the ECS Seal Log.
4. The Chief Engineer of each vessel shall retain environmental seals replaced for any reason. Used seals shall be retained under the Chief Engineer's control in a secure location for one (1) year. The cognizant OLCM will be responsible for ensuring — fleet wide — that no duplication of ECS seal numbers occur and will maintain documentation indicating which series of environmental seals have been supplied to each vessel.

**C. Waste Tank Piping**

1. To prevent unauthorized manipulation of waste management systems within the engine room and machinery spaces, vessels shall maintain Classification Society-approved drawings that reflect all approved modifications made to waste management systems.
2. Vessels shall implement corporate approval procedures for any modifications made to waste management tanks or their systems. Those procedures shall require prior Operating Line approval for all non-emergency modifications and shall require prompt approval or removal of modifications after an emergency. Any emergency modification must be reported to the TPA and CAM promptly after work is performed.
3. Within thirty (30) days of sentencing, the CCM and OLCMs shall ensure that notification is given to all Covered Vessels regarding the prohibition against using unauthorized stub pipes, cross connections, or piping on engine room waste systems.
4. Covered Personnel shall promptly notify the EO, who shall in turn promptly notify the cognizant OLCM and the CCM of the existence and purpose of any unauthorized stub pipes, cross connections, or piping on engine room waste systems in a Covered Vessel. Within seven (7) days of receiving such information, the CCM shall ensure that it is relayed to the Interested Parties, along with any findings and corrective actions.
5. Any system changes or modifications must have prior approval from the senior shore-side Technical Management. Classification Society-approved drawing(s) representing the current physical layout of the system shall be available on board. The Chief Engineer shall maintain documentation explaining the reason(s) for any changes/modifications made after the date of sentencing. Copies of this documentation and drawing(s) shall be maintained aboard the vessel and provided to the TPA and CAM upon request.
6. To prevent unauthorized usage of bilge water tanks or oily waste tanks, CARNIVAL shall require that ECS seals or locks be placed on tank hatches, valves, or flanges that could allow for an external connection to the system. The ECS Seal Log or Lock Log shall track any time a processed bilge water tank is opened.

**D. Bilge-Main Cross Connections**

1. Within thirty (30) days of sentencing, the CCM and OLCMs shall ensure that notification is provided to all Covered Vessels regarding the prohibition against the non-emergency usage of cross connections from engine room bilge mains to the suction piping of larger pumps which may be referred to as the “fire and general service pump” or “fire, bilge and ballast” pump. The notification shall state that such usage is similar to bypassing the OWS equipment and is strictly prohibited. Cross connections to eductor systems or any other system capable of pumping out bilge and wastes will also be referenced, with the exception of Classification Society and/or Flag Administration-approved food waste educator systems. Any method to discharge overboard via the soot collection tank and soot eductor must be disabled and locked out.
2. The deck plates above or near the locations of these cross connections or other interconnected systems and the valve bodies and associated hand wheels shall be painted international orange. A brightly colored sign with three inch letters shall be permanently fixed nearby, stating – “Bilge System Piping Crossover – Emergency Use Only.”
3. To prevent unauthorized usage of those valves, CARNIVAL shall require that ECS seals be placed on such valves. The ECS Seal Log shall track any time a crossover to the bilge main is opened. If a valve is remotely operated from the engine control room, the associated push button or switch must be unable to be used without breaking an environmental seal. Except that where a seal cannot be affixed to either the valve or associated push button or switch, the EO must review the valve position history to determine if the valve has been opened, and if it has, make a record in the ECS Seal Log.

**E. Emergency Bilge Suctions**

All other bilge suction valves not connected to the bilge main, and independent emergency suction to the vessel’s engine room bilges like those which may be connected to sea water circulating pumps, shall be painted international orange on all vessels and labeled in a manner similar to “Emergency Bilge Suction - Emergency Use Only.” The valve wheels will also have a numbered and logged ECS seal capable of breakaway during emergencies, testing, and maintenance.

**F. Blank Flanges**

1. To prevent unauthorized connections within the engine room and machinery spaces of vessels, every blank flange connected to overboard piping, on systems such as salt water service, main engine raw water cooling or other systems, shall be permanently secured, removed, or fitted with numbered ECS seals through the flange bolts that will break when such bolts are removed, to prevent unauthorized connections and discharges. The ECS seals used shall be numbered and records kept in the ECS Seal Log. Alternative sealing methods, such as numbered foil-coated sticker seals for flanges, may also be used.
2. The blank flange securing the bilge and sludge transfer system shore connection discharge valve at the discharge stations shall also require controls as part of the ECS.

**G. Sampling and OWS Performance Analysis**

1. CARNIVAL agrees that, as part of the TPA audits, the TPA auditor shall oversee the drawing of samples of each oily bilge, greywater and sewage output while discharging overboard. In addition, CARNIVAL agrees that, as part of the TPA audits during the first year of probation, the TPA auditor shall oversee the drawing of one sample, if safety and environmental conditions allow, from each of the following waste streams: clean or processed bilge system tanks, OWS discharge, greywater tanks (including laundry tanks), and sewage tanks. Samples shall be drawn during each TPA audit and tested consistent with the requirements of this section.
2. The samples will be collected by an engineer designated by the Chief Engineer and be taken in the presence of the EO. Sample points shall be identified by the Chief Engineer. The sample procedure shall include the use of tamper-evident containers and uniquely numbered seals. With respect to tank samples, no attempt should be made to collect a clean sample only.
3. In consultation with the TPA, CARNIVAL shall contract with a company providing sampling and analysis services. Promptly after being appointed, and before its first audit, the TPA will review and approve the sampling protocols provided by this company, including the protocols covering the drawing, securing, labeling, shipping, and other components of the custody transfer chain.
4. The samples shall be forwarded to the contracted company referenced above, at CARNIVAL's cost, for a content analysis. The content analysis shall assess the presence and identify the various types of petroleum product including lubricating oils by gas chromatography and gas chromatography-mass spectrometry. The analysis of the samples will be provided to the TPA and the CAM and be included in reports.
5. CARNIVAL shall work cooperatively with OWS manufacturers to verify the equipment's capability to process fluids that may enter the bilges. CARNIVAL will work with the manufacturer in this verification process and to develop ways to improve the performance of existing equipment, or it may explore other separation technologies capable of handling the fluids.

**H. Additional OWS / OCM Requirements**

1. The sample line from the OWS discharge connection to the sample/flush line control valve will be painted a bright color to distinguish it from other tubing and piping in the area. The line must be routed so it is clearly visible to the extent possible for its entire length. No additional connections or tees of any kind may be added to the line.
2. The sample line connecting to the OWS discharge pipe shall be fitted with a manual valve or petcock, or tamper proof automatic valve. The tube end fittings and the valve handle must be fitted with a numbered seal that will break if the valve is closed, removed, or if the tubing connection nuts are loosened. The end nearest the sample/flush line control valve and any tubing in between the control valve and the OCM will be similarly protected to prevent any disassembly of the sensing

system. OCM sample water outlet piping or tubing will not include any operational valves that are not sealed.

3. CARNIVAL shall employ the OCM manufacturer or contracted distributor to perform annual testing that ensures the OCM requires a sample flow for normal operation and control. Any OCM that allows the OWS to function normally without sample flow is prohibited unless all valves from the OWS discharge to the sample/ flush line control valve are removed. CARNIVAL shall ensure that every vessel's OWS is configured and capable of being fully operationally tested in port with the overboard valve closed.
4. Every vessel shall perform monthly operational tests of the OWS and OCM in the presence of the Chief Engineer, the EO, and one other engineer. The test shall be logged in the vessel's Oil Record Book (Part I) and co-signed by the EO and all present. The Chief Engineer shall send a report to the cognizant OLCM.
5. Every vessel shall conduct an annual operational test of the OWS system under actual operational conditions. This test shall include one (1) full hour of continuous processing of the contents of the Bilge Holding Tank without dilution, and without dilution of the sample line leading to the OCM,<sup>2</sup> conducted by the Chief Engineer in the presence of a CARNIVAL shore-side representative, Chief Engineer, the EO, and any other engine room personnel assigned responsibility for the operation and/or maintenance of the OWS. If an actual discharge is not feasible due to the location of the vessel or the levels of the Bilge Holding Tanks, then the discharges shall be through a recirculation line, in accordance with the procedures approved by the vessel's Classification Society and provided further that soundings of the Bilge Holding Tanks shall be made before and after the test and shall be made a part of the test record and providing that any alarms shall be recorded and made part of the test record. All of the above shall be recorded in the Oil Record Book (Part I). In the event that the assessment determines the OWS is not operating as designed, then an immediate report shall be made to the cognizant OLCM, the Interested Parties, the TPA, and the CAM, with a copy of the engine room alarm printout to be retained and appended to the Oil Record Book page documenting the test.
6. Every vessel shall clean the OWS source tanks and remove any accumulated oil at least once every six (6) months. Such cleaning shall be logged in the PMS.
7. Anytime an OCM is subject to maintenance, including flushing or cleaning, or calibration, such actions shall be logged in the ORB.

#### **I. Recordkeeping**

1. All Sounding Records (including draft records or forms used when taking soundings) and Logs required by this section shall be maintained and available to auditors for a period of five (5) years from the date of the final entry. All Engine Room alarm printouts and records shall also be maintained for a period of five (5)

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<sup>2</sup> A test performed where the source tank is diluted with water or does not contain bilge water is strictly prohibited.

years from the date of generation. The Sounding Records and Engine Room alarm printouts and records shall be maintained onboard the vessel for three (3) years, and thereafter may be stored ashore for the remaining two (2) years.

2. A log shall be maintained of any instance where a pneumatic or portable pump is used on board. The log shall include a description of the fluid pumped, its source, and the tank or location where the fluid was transferred. The log shall include the date and time the pump was used and shall identify the person(s) who checked out the pump and operated it.

#### **J. Oil Record Book Entries**

Entries made into the Oil Record Book (Part I) shall be made and signed by the officer or officers in charge of the operation, and each completed page shall be reviewed and signed by the EO, Chief Engineer, and Master. At the beginning of each contract, engineers responsible for Oil Record Book entries will acknowledge by signature their obligation to make true and accurate entries in the Oil Record Book for the next U.S. port of call.

#### **K. Tank Sounding Record Book**

CARNIVAL shall provide each vessel with a standard format tank sounding log that includes, for each sludge and bilge tank associated with bilge water and/or oil residues (sludge), the tank name/designation, tank capacity, sounded quantity and time and method of sounding. Soundings from each tank shall be taken at least daily. The individual taking the tank sounding shall make entries in the tank sounding log and initial each entry. At least twice a week a sounding from each tank will be taken in the presence of the EO, who will initial the corresponding entries in the log. If entries are transferred to an electronic format, the original notes and sounding records must be maintained in accordance with paragraph IX.I above.

#### **L. Fuel Oil/Lube Oil Purifier Settings and Line Breaks**

1. CARNIVAL shall have a standard system for monitoring fuel oil and lube oil management, including the operation of the fuel oil and lube oil purifiers. CARNIVAL shall ensure that hour meters are installed on the related motor controllers if not currently available. Any incident involving ships receiving poor quality fuel shall be noted in the Bunker Log or similar record once it becomes known, and such entries shall refer to the relevant bunker receipts.
2. Any extraordinary operations (such as frequent draining of fuel oil service and settling tanks, draining engine lube oil sump tanks of excessive water, or other problems such as waxing, compatibility, stratification or contamination) shall be recorded in the Oil Record Book (Part I). Explanations shall be provided in the Oil Record Book for the abnormal volumes of unburned oil residues (sludge), oils, oily wastes, and anomalies in filter cleaning or replacement.
3. All oil leaks exceeding manufacturer or historical volumes, including any fuel and/or lubricating oil leaks resulting from mechanical failure shall be reported to CARNIVAL's MP&A department per CARNIVAL incident reporting policy.

**M. Oil-to-Sea Interfaces**

1. CARNIVAL shall have a standard system for monitoring equipment having oil-to-sea interfaces which relies on mechanical tension, hydrostatic pressure on the seal and the surface tension between water and oil to minimize oil releases to the sea. Such interfaces may include stern tube bearings, stabilizers, controllable pitch propeller systems, maneuvering thrusters, propulsion pods, and similar equipment whereby the leakage of a sealing component may cause a loss of operating medium into the waters surrounding the vessel. Any replenishment of oil into the head tanks, operating systems reservoirs, or other receivers associated with this equipment shall be logged, regardless of the quantity involved. Ingress of water or drainage of water into or from these systems must also be logged, as far as practicable.
2. An explanation of the loss of oil or the need to replenish the oil in this equipment shall be provided in the log, along with the date, time, and signature. Any losses of oil from this equipment that exceed manufacturer specifications or historically logged data must also be logged and promptly reported to the OLCM.

**N. Fleet Engineering Survey**

1. Within six (6) months of the date of sentencing, CARNIVAL shall issue a survey to all shipboard engineering officers and all Environmental Officers on its vessels for information on how to improve MARPOL compliance, to include what new equipment, maintenance, parts, and procedures would be beneficial. An assessment requesting the frank opinions of the vessels' engineers as to their ability to adequately maintain the vessels' systems, equipment, and components will be included. The survey will emphasize non-retaliation for open and honest opinions and reports of current non-compliant circumstances.
2. The OLCM and the OLCM's staff shall evaluate the responses and, together with the CCM, establish a plan to evaluate, test, and implement viable ideas for improvement. The CCM shall also address, to the extent practicable, legitimate maintenance concerns suggested by the vessels' engineers.
3. A summary of the reported information and corrective actions will be provided to the Interested Parties, the CAM, and the TPA.

**X. ENVIRONMENTAL MANAGEMENT SYSTEM**

**A. Environmental Management System**

1. CARNIVAL has an existing HESS Management System, which includes policies and procedures that are integral to the EMS. Under this ECP, CARNIVAL will incorporate these existing elements as part of an updated EMS. As more fully described in **Attachment 2**, the updated EMS will include and address the following:
  - a. Environmental Policy;
  - b. Environmental requirements and voluntary undertakings;



- c. Objectives and targets;
  - d. Structure, responsibility and resources;
  - e. Operational controls;
  - f. Corrective, preventative action and emergency procedures;
  - g. Training, awareness and competence;
  - h. Organizational decision making and planning;
  - i. Document control; and
  - j. Continuous evaluation and improvement.
2. Within sixty (60) days after receiving the TPA's first annual Audit Report, CARNIVAL will have fully updated the EMS as necessary to ensure the EMS incorporates all the elements articulated in **Attachment 2**. In conjunction with the submission of its response to the TPA's first annual Audit Report, CARNIVAL shall also submit its updated EMS to the Interested Parties, the TPA, and the CAM.
  3. Thereafter CARNIVAL will update the EMS as necessary or in response to findings by the TPA, the CAM, and CARNIVAL's internal auditors, as appropriate.

**B. Final Proposed Update to the EMS**

1. At the end of the fourth year of the probationary period, CARNIVAL shall submit its then-current EMS to the Interested Parties, the TPA, and the CAM.
2. If the Final Audit Report produced by the TPA recommends substantial revisions to the EMS, CARNIVAL shall, within thirty (30) days of receiving the Final Audit Report, submit its proposed revisions to the EMS to the CAM and the Interested Parties for review.
3. The CAM and the Interested Parties may review the proposed revisions and make a recommendation to the Court as to its acceptance of the proposed revisions to the EMS.

**XI. CHANGES RELATED TO COVERED VESSELS**

**A. Notification of Changes**

1. On at least a quarterly basis, CARNIVAL shall notify the Interested Parties, the TPA, and the CAM of (i) any change in name, flag of registry, recognized organization, ownership, or Classification Society of any Covered Vessel; (ii) any additions to, or removals from, the list of Covered Vessels in **Attachment 1** due to any of CARNIVAL's existing vessels obtaining or relinquishing a COFR; and (iii) the name of any new vessel with a COFR over which CARNIVAL assumes manning/operational responsibilities. CARNIVAL agrees that this ECP and its requirements shall remain in effect for all Covered Vessels, regardless of

changes in the vessels' flag of registry, recognized organizations, name, or Classification Society.

2. Covered Vessels for which CARNIVAL has relinquished manning/operational responsibilities through a vessel sale or bareboat charter to an unaffiliated third party shall be excluded from the requirements of this ECP on the date CARNIVAL relinquishes such manning/operational responsibilities and has so advised the Interested Parties.

#### **B. Fleet Acquisitions**

1. For the purpose of this ECP, a "fleet" is defined as five (5) or more Covered Vessels.
2. If CARNIVAL assumes manning/operational responsibilities of a fleet during the probationary period, CARNIVAL shall perform an Internal Audit, using the TPA audit requirements of Section VIII of this ECP, on all vessels in the newly acquired fleet. Upon completion of such internal audits, the TPA shall conduct audits on at least 20% of the new fleet in accordance with, and subject to, the requirements of Section VIII.

### **XII. SELF-ENFORCEMENT**

CARNIVAL agrees that it will undertake and implement the necessary procedures to ensure that the Covered Personnel diligently comply with this ECP and the associated requirements in their entirety. Among other efforts, CARNIVAL shall ensure that its internal auditing procedures include the criteria established in this ECP.

### **XIII. SCHEDULE**

CARNIVAL shall strictly comply with the requirements of this ECP, including the dates and periods mentioned herein. Should CARNIVAL be unable to comply with any of the deadlines herein, CARNIVAL shall promptly notify the Interested Parties and, where relevant, the TPA and/or CAM, to request that the Interested Parties grant CARNIVAL such additional time, as required.

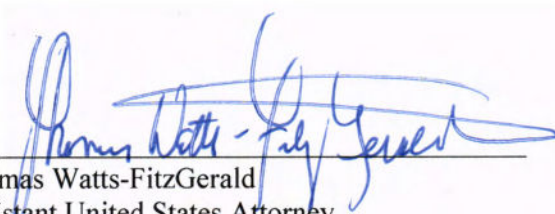
### **XIV. ACKNOWLEDGEMENT**

Defendant and CARNIVAL have read this ECP carefully and understand it thoroughly. Defendant and CARNIVAL enter into this ECP knowingly and voluntarily, and agree to abide by its terms.


For the United States:

WIFREDO A. FERRER  
United States Attorney

By:

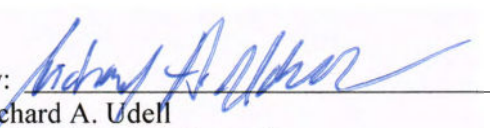
  
Thomas Watts-FitzGerald  
Assistant United States Attorney

By:

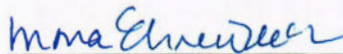
  
Brendan Sullivan  
Special Assistant United States Attorney

JOHN C. CRUDEN  
Assistant Attorney General  
Environment & Natural U.S. Department of  
Justice

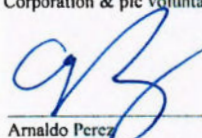
By:

  
Richard A. Udell  
Senior Litigation Counsel  
Environmental Crimes Section U.S. Department  
of Justice

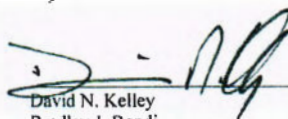
I have been authorized by a corporate resolution of Carnival Corporation & plc. to sign this ECP and bind Princess Cruise Lines, Ltd. I have read this ECP and carefully discussed every part of it with counsel for Princess Cruise Lines, Ltd. Princess Cruise Lines, Ltd. voluntarily agrees to all of the terms of this ECP.

 11.30.16  
 Mona Ehrenreich Date  
 Authorized Representative  
 Princess Cruise Lines, Ltd.

I have been authorized by a corporate resolution of Carnival Corporation & plc to sign this ECP and bind Carnival Corporation & plc. I have read this ECP and carefully discussed every part of it with counsel for Carnival Corporation & plc. Carnival Corporation & plc voluntarily agrees to all of the terms of this ECP.

 11/30/16  
 Arnaldo Perez Date  
 Authorized Representative  
 Carnival Corporation & plc

I am counsel for Princess Cruise Lines, Ltd. and Carnival Corporation & plc. I have discussed every part of this ECP with authorized representatives of Princess Cruise Lines, Ltd. and Carnival Corporation & plc. To my knowledge, the decisions of Princess Cruise Lines, Ltd. and Carnival Corporation & plc to enter into this ECP are informed and voluntary.

 11/30/16  
 David N. Kelley Date  
 Bradley J. Dandi  
 Counsel for Princess Cruise Lines, Ltd.  
 Counsel for Carnival Corporation & plc

## ATTACHMENT 1

## Covered Vessels with Certificates of Financial Responsibility

VESSEL		IMO NO.
<b>AIDA</b>		
1.	AIDAdiva	9334856
2.	AIDAluna	9334868
3.	AIDamar	9490052
4.	AIDavita	9221554
<b>Carnival Cruise Line</b>		
5.	Carnival Breeze	9555723
6.	Carnival Conquest	9198355
7.	Carnival Dream	9378474
8.	Carnival Ecstasy	8711344
9.	Carnival Elation	9118721
10.	Carnival Fantasy	8700773
11.	Carnival Fascination	9041253
12.	Carnival Freedom	9333149
13.	Carnival Glory	9198367
14.	Carnival Imagination	9053878
15.	Carnival Inspiration	9087489
16.	Carnival Legend	9224726
17.	Carnival Liberty	9278181
18.	Carnival Magic	9378486
19.	Carnival Miracle	9237357
20.	Carnival Paradise	9120877
21.	Carnival Pride	9223954
22.	Carnival Sensation	8711356
23.	Carnival Spirit	9188647
24.	Carnival Splendor	9333163
25.	Carnival Sunshine	9070058
26.	Carnival Triumph	9138850
27.	Carnival Valor	9236389
28.	Carnival Victory	9172648
29.	Carnival Vista	9692569
<b>Costa</b>		
30.	Costa Atlantica	9187796
31.	Costa Deliziosa	9398917
32.	Costa Luminosa	9398905
<b>Cunard</b>		
33.	Queen Elizabeth	9477438
34.	Queen Mary 2	6725418
35.	Queen Victoria	9320556
<b>Holland America</b>		
36.	Amsterdam	9188037
37.	Eurodam	9378448
38.	Koningsdam	9692557
39.	Maasdam	8919257

	<b>VESSEL</b>	<b>IMO NO.</b>
40.	Nieuw Amsterdam	9378450
41.	Noordam	9230115
42.	Oosterdam	9221281
43.	Prinsendam	8700280
44.	Rotterdam	9122552
45.	Veendam	9102992
46.	Volendam	9156515
47.	Westerdam	9226891
48.	Zaandam	9156527
49.	Zuiderdam	9221279
<b><i>P&amp;O Cruises UK</i></b>		
50.	Adonia	9210220
51.	Arcadia	9226906
52.	Aurora	9169524
53.	Azura	9424883
54.	Britannia	9614036
55.	Oceana	9169550
56.	Oriana	9050137
57.	Ventura	9333175
<b><i>Princess</i></b>		
58.	Caribbean Princess	9215490
59.	Coral Princess	9229659
60.	Crown Princess	9293399
61.	Dawn Princess	9103996
62.	Diamond Princess	9228198
63.	Emerald Princess	9333151
64.	Golden Princess	9192351
65.	Grand Princess	9104005
66.	Island Princess	9230402
67.	Pacific Princess	9187887
68.	Regal Princess	9584724
69.	Royal Princess	9584712
70.	Ruby Princess	9378462
71.	Sapphire Princess	9228186
72.	Sea Princess	9150913
73.	Star Princess	9192363
74.	Sun Princess	9000259
<b><i>Seabourn</i></b>		
75.	Seabourn Encore	9731171
76.	Seabourn Odyssey	9417086
77.	Seabourn Quest	9483126
78.	Seabourn Sojourn	9417098

## **ATTACHMENT 2**

### **Environmental Management System**

CARNIVAL's EMS shall have the following elements:

#### **Environmental Policy**

The EMS should be based upon a documented and clearly communicated policy. This policy should set out CARNIVAL's commitment to a cleaner marine environment. It should include:

- provision for compliance with environmental requirements;
- commitment to continuous improvement in environmental performance (which shall include, but not be limited to, those areas required by this ECP);
- commitment to pollution prevention (which shall include, but not be limited to, source reduction, appropriate funding and human resources necessary to effectively maintain and repair the systems, equipment and components found in machinery spaces of vessels);
- commitment to continuous reduction of environmental risks; and
- commitment to sharing information with external stakeholders on environmental performance.

#### **Environmental Requirements and Voluntary Undertakings**

The EMS shall be communicated to all employees and to all vendors, technicians, and other non-crewmembers whose work could affect CARNIVAL's ability to meet the Marine Environmental Protection Requirements, as well as voluntary undertakings arising from industry norms or the adoption of Best Practices. Such communication will be executed in a manner appropriate to the circumstances.

#### **Objectives and Targets**

The EMS will provide the mechanism for the Operating Lines to establish specific objectives and targets for:

- achieving and maintaining compliance with all Marine Environmental Protection Requirements and the requirements of this ECP;
- training, educating and fostering among all Covered Personnel the need for solid environmental stewardship through a conscious effort at pollution prevention and transparent recordkeeping;
- environmental performance demonstrating continuous improvement in regulated and non-regulated areas;
- pollution prevention that emphasizes source reduction, where appropriate, for the waste streams of the Covered Vessels; and
- sharing information with external stakeholders on environmental performance against the EMS objectives and targets.



The EMS shall establish appropriate time frames to meet these objectives and targets, which shall be documented and updated as necessary. Objectives and targets may need to be updated for reasons including changes to Marine Environmental Protection Requirements, operational changes that could impact environmental performance, or corrective or preventive actions adopted in response to Audit Findings made by internal or external auditors, including the TPA.

### **Structure, Responsibility, and Resources**

CARNIVAL will ensure that it has sufficient personnel and other resources to meet its objectives and targets. The EMS will include documentation explaining the steps for achieving those objectives and targets. The EMS will include descriptions of the roles and responsibilities of all Covered Personnel, as well as the accountability of the Covered Personnel with respect to meeting the requirements of this ECP and the EMS.

### **Operational Control**

The EMS will identify and provide for the planning and management of all CARNIVAL operations and activities with a view to achieving the EMS objectives and targets. For example, vessel deck department, engine room and machinery space maintenance and repair will be an important aspect in achieving and maintaining compliance and enhancing environmental performance.

### **Corrective and Preventive Action and Emergency Procedures**

CARNIVAL through its EMS, will establish and maintain documented procedures for preventing, detecting, investigating, and promptly initiating corrective actions, and reporting (both internally and externally), any occurrence that may affect the organization's ability to achieve the EMS objectives and targets, and for promptly initiating corrective actions.

Such measures must focus particular attention on incidents that may have an effect on compliance with environmental requirements, as well as on environmental performance in regulated and non-regulated areas, including requirements of this EMS, this ECP or other Marine Environmental Protection Requirements. Examples of such situations include incinerator or oily water separator malfunctions, overflows of tanks within machinery spaces, fuel oil, lube oil, saltwater line failures, operator errors and other accidental releases.

The EMS must also establish documented procedures for mitigating any adverse impacts on the environment that may be associated with accidents or emergency situations and for ensuring that similar incidents are avoided. The EMS must include procedures for tracking any preventive and corrective actions that are taken. If the environmental violation or incident resulted from a weakness in the system, the EMS should be updated and refined to minimize the likelihood of such problems recurring in the future. The EMS should also, to the extent possible, provide for the testing and evaluation of emergency procedures.

### **Training, Awareness, and Competence**

The EMS shall establish procedures to ensure that all Covered Personnel have been trained and are capable of carrying out their responsibilities under this ECP and the EMS. In particular, the training should highlight means to enhance the ability of such personnel to ensure compliance with environmental requirements and voluntary undertakings, the requirements of this ECP and other Marine Environmental Protection Requirements. In addition, the EMS shall provide for the proper briefing and supervision of vendors, technicians, and other non-crewmembers whose job responsibilities could affect the ability of the Covered Vessels to comply with this ECP and achieve the EMS objectives and targets.

Additional training requirements are provided in **Attachment 3**.

### **Organizational Decision-Making and Planning**

The EMS must describe how these various Management System elements will be integrated into the organization's overall decision-making and planning, in particular, decisions on capital improvements, training programs, and vessel operations, maintenance and repair activities.

### **Document Control**

The EMS must establish procedures to ensure maintenance of appropriate documentation relating to its objectives and targets and should also ensure that those records will be adequate for subsequent evaluation and improvement of the operation of the EMS. Additionally, it will document the organization's state of compliance with Marine Environmental Protection Requirements and the requirements of this ECP. All records will be maintained for the period required under this ECP and made available upon request to the TPA and Port and Flag State Personnel.

### **Continuous Evaluation and Improvement**

The EMS must include methods to perform periodic, documented and objective auditing of the organization's performance in achieving these objectives and targets and on how well the EMS assists the organization in achieving those objectives and targets. This requirement is independent from the auditing requirements detailed elsewhere in this ECP. The goal of these internal audits and reviews will be to allow management to continuously monitor and assess vessel systems, equipment and components, and the ability and proficiency at which vessel crewmembers and personnel ashore comply to the policies and procedures established by this EMS.

### **Additionally the EMS:**

Will identify an ongoing process for assessing operations for the purposes of preventing and controlling or minimizing waste stream development and releases, ensuring environmental protection, and maintaining compliance with a primary emphasis on marine engineering, vessel engine room and machinery space systems, equipment and components and any shipboard systems having oil-to-sea interfaces. Includes a process by which a decision can be made whether to take a vessel out of service for an environmental discharge related repair such as when caused by leaking stern tubes, thrusters, or other equipment.

Will include organization charts, as appropriate, that identify shore-side and vessel individuals having environmental performance, risk reduction, and regulatory compliance responsibilities. Specifies responsibilities of shore-side vessel operational and technical management to report information related to environmental releases or inadequate performance of environmental pollution protection equipment, system casualties resulting in internal spills, excessive waste development and leaking equipment with oil-to-sea interfaces.

Will promote non-retaliatory practices and ensure that employees are not punished or otherwise suffer negative consequences for reporting violations of environmental laws, regulations, or policies. Also describes potential consequences for departure from specified operating policies and procedures, including possible termination of employment; and liability for criminal/civil/administrative penalties as a result of noncompliance.

Makes compliance with environmental policies of this ECP, the EMS, and other Marine Environmental Protection Requirements a positive factor in performance evaluations, and failure to comply a basis for

discipline, which may range from counseling or retraining up to an adverse performance evaluation and/or dismissal, or in the case of third party contractor, barment from CARNIVAL vessels.

Will include policies against any incentive or bonus programs based on minimizing operational costs associated with the operation, maintenance and repair of machinery space systems, equipment and components without ensuring that efficiency and performance are maintained. The intent of this policy is to ensure that employees do not avoid such costs and thereby sacrifice environmental compliance.

Will describe a confidential anonymous reporting system that is adopted to ensure that employees may quickly and confidentially report inoperable equipment or the misuse of equipment, violations of Marine Environmental Protection Requirements, discharges, spills, environmental incidents and other environmental concerns.

Will identify all operations and activities where documented standard operating practices (SOPs) are needed to prevent potential violations or unplanned waste stream releases, with a primary emphasis on marine engineering, vessel engine room and machinery space operations, systems, equipment and components. Includes the development of SOPs and the manuals described in **Attachment 4**.

Will identify the types of records developed and maintained in support of this ECP and the EMS such as reports, audit working papers, correspondence, communications, reports from the confidential system for anonymous reporting, and identify personnel responsible for their maintenance, and procedures for responding to inquiries and requests for release of information.

Provides a system for conducting and documenting routine, objective, self-inspections by CARNIVAL internal auditors, Environmental Officers, and Chief Engineers to check for malfunctions, deterioration, and inadequate maintenance of pollution prevention equipment, worker adherence to SOPs, unusual situations, and unauthorized releases.

Will establish a process to ensure that in the event that budgeted funds are not sufficient for the personnel training, parts inventory and ordering, and maintenance of pollution prevention equipment required by this ECP, supplemental funds can be timely secured and deployed.

### **ATTACHMENT 3**

#### **Employee Training Program**

##### **Implementation and Administration**

- Within three (3) months of the date of sentencing, CARNIVAL will adopt and implement a training program to educate the Covered Personnel on the environmental impact of operations and to be aware of the policies and procedures that form the basis of this ECP and the EMS, and which otherwise meets the specific requirements of this section.
- The CCM shall be responsible for this training program, and shall name a Corporate Training Manager who ensures that the requirements of this section are met.
- The OLCMs shall name Training Officers within their respective Operating Lines to ensure that the training program is uniformly implemented throughout CARNIVAL. The Training Officers will report directly to the Corporate Training Manager with respect to their obligations under this section.

##### **Basic Initial Training**

In between the time of the date of the plea hearing and implementation of the training program called for by this section, a basic initial training program shall be developed and provided to the Covered Personnel, both shipboard and shore-side, in an effort to promptly mitigate pollution risk and ensure environmental protection.

##### **Training Program**

- CARNIVAL may tailor training to the work responsibilities and department of the various types of Covered Personnel, provided that the training contains the following common elements:
  - Corporate environmental compliance structure, including the Corporate Compliance Manager, OLCMs, and contact information.
  - Comprehensive overview of this ECP, the EMS, and other Marine Environmental Protection Requirements.
  - Importance of environmental policy compliance, and accurate and truthful recordkeeping.
  - Sanctions and consequences for violations for the Defendant and the employee, such as remedial training, suspension, termination, and civil and criminal liability.
  - The avenues for anonymous reporting.
- Where relevant for the work responsibilities and department of the Covered Personnel being trained, the training shall also contain the following elements:
  - Pollution prevention and minimization programs specifically as it relates to hotel, deck, and engine department procedures and operations.
  - All requirements set forth in the Engineering section of this ECP.

- Position-specific training in the operation, maintenance and repair of oily water separators, oil content discharge monitoring equipment, incinerators, and other pollution prevention equipment.
  - Procedures for solid and hazardous waste segregation, storage, disposal, and reporting of releases.
  - All other shipboard environmental protection-related procedures examined and described in Section VIII of this ECP.
  - Procedures for addressing grey and black water overflows.
- Training shall be provided by qualified instructors, who can include CARNIVAL personnel or outside consultants. With respect to the training of EOs and shipboard engineers with waste management responsibilities about the operation of pollution prevention equipment and related procedures, such training will be directed by senior engineers.
- Timing and presentation method
  - Shore-side Covered Personnel who are employed as of the date of the implementation of the training program must complete it within three (3) months from that date (that is, within the first six (6) months of the probationary period). Shore-side Covered Personnel hired after the implementation of the training program must complete it before they assume their duties.
  - Shipboard Covered Personnel who are employed as of the date of the implementation of the training program must complete it within three (3) months from that date (that is, within the first six (6) months of the probationary period) or within seven (7) days of coming aboard a vessel on a new contact, whichever is earlier. Shipboard Covered Personnel hired after the implementation of the training program must complete it within seven (7) days of commencing their duties on a new contact.
  - After an employee has completed the training program, they must complete refresher training at least once during each calendar year thereafter. With respect to a shipboard EO or engineer involved in the operation, maintenance, or repair of pollution prevention equipment, the content of the refresher training may be determined based on an annual assessment of the EO or engineer's competence with respect to such equipment. Such update and refresher training for an EO or engineer will be given as required to maintain and demonstrate competence on such equipment.
  - The training program must be administered in-person for those Covered Personnel taking it for the first time. The refresher training can be administered via a computer-based module.

### **Recordkeeping and Auditing**

- The Corporate Training Manager will maintain a catalog that provides an overview of the training program; identifies the persons responsible for delivering the training program; and establishes a tracking system to be used by the Training Officers to monitor the type, frequency, and successful completion of training. The Training Officers will report the data from this tracking system up to the Corporate Training Manager on at least a quarterly basis.

- The Corporate Training Manager shall provide the TPA with details of the training program provided to the Covered Personnel. As part of its annual Report of Findings, the TPA shall be required to provide an assessment of the training program, both with respect to shore-side Covered Personnel and shipboard Covered Personnel.

## **ATTACHMENT 4**

### **EMS Standard Operating Procedures**

#### **Bilge Water and Sludge Management**

- Describes CARNIVAL policy and procedures regarding management, disposal, and discharges, including the identification of persons responsible for shipboard environmental compliance.
- Describes applicable ECP and EMS requirements, which shall be compliant with applicable Port and Flag State requirements, as well as international laws, regulations, and standards (including applicable portions of the United States Code of Federal Regulations (“CFR”), other pertinent pollution laws and regulations, MARPOL regulations, and standards).
- Describes reporting requirements (including internal and external reporting requirements relating to spills and discharges).
- Requires that the on-board Technical Library include an overview of the equipment and components, relevant manuals, and system schematics for the bilge, oily wastes, and sludge.
- Includes routine, daily, and preventative maintenance, and identifies of the required inventory of all Critical Environmental Components spare parts.
- Describes fundamentals and maritime practices of waste stream minimization including, engine room housekeeping, minimization of bilge loads and leakages, use of proper cleaning chemicals, and prevention of sewage and greywater spills into bilge wells in accordance with the requirements of this ECP the EMS and other Marine Environmental Protection Requirements.
- Describes system operation and procedures for usage of all associated bilge management equipment, the sealing and securing of associated valves, offloading procedures and necessary operational checklists.
- Describes recordkeeping of Oil Record Books that includes items to be recorded, as required by MARPOL and recordkeeping requirements of additional logs described in the Engineering section of this agreement.
- Describes sanctions and consequences for violation of regulations, policies and procedures, including individual and corporate consequences for violations, remedial training, possible suspension or termination of employment, and civil and criminal liability.
- Describes processes associated with the sealing and locking program for system crossover and connection valves where bilge systems tie into ballast, general service, and other pumping or eductor systems, and the processes for sealing other identified connections and other systems capable of bilge removal with the use of the OWS.

#### **Sewage Treatment**

- Describes CARNIVAL’s policy and procedures regarding management, disposal and discharges, including the identification of persons responsible for environmental compliance.



- Describes applicable ECP and the EMS requirements, which shall be compliant with applicable Port and Flag State requirements, as well as international laws, regulations, and standards (including applicable portions of the CFR), other pertinent pollution laws and regulations, MARPOL regulations, and standards.
- Describes internal and external reporting requirements relating to discharges.
- Requires that the on-board Technical Library include an overview of the system, including the basic and general functions of sewage systems and equipment, as well as system schematics.
- Describes fundamentals and maritime practices of sewage system management in accordance with the requirements of MARPOL 73/78 and this ECP.
- Describes system operation and procedures including the standard operating procedures for usage of all sewage equipment and systems, and operational checklists.
- Describes maintenance of sewage system equipment, including routine, daily and preventative maintenance, recordkeeping, and the identification and required inventory of critical spare parts.
- Describes sanctions and consequences for violation of regulations, policies and procedures, including individual and corporate consequences for violations, including remedial training, possible suspension or termination of employment, and civil and criminal liability.

#### **Hazardous and Solid Waste Management**

- Describes CARNIVAL's policy and procedures regarding management, disposal and discharges, including the identification of persons responsible for environmental compliance.
- Describes applicable ECP requirements, which shall be compliant with applicable Port and Flag State requirements, as well as international laws, regulations, and standards (including applicable portions of the CFR), other pertinent pollution laws and regulations, MARPOL regulations, and standards.
- Describes internal and external reporting requirements for tracking and disposal of covered wastes.
- Requires that the on-board Technical Library include an overview of the systems used to control, treat and dispose of specific wastes, including system schematics, where appropriate.
- Describes fundamentals and maritime practices of waste minimization that includes discharge procedures in accordance with the requirements of MARPOL 73/78 and this ECP.
- Describes the system operation and procedures, including standard operating procedures for usage of hazardous waste management systems, off-loading procedures, and operational checklists.
- Describes procedures for completing required discharge receipts and other entries.
- Describes routine, daily and preventative maintenance, recordkeeping, and the identification and required inventory of critical spare parts.

- Describes sanctions and consequences for violation of regulations, policies and procedures, including individual and corporate consequences for violations, to include remedial training, possible suspension or termination of employment, and civil and criminal liability.

The following documentation and reference material will be readily on board:

- Regulatory References
- System Schematics (where applicable)
- Tank Sounding Tables
- Tank Arrangements
- Tank Measurements and Data Necessary to Calculate Volumes
- Holding Capacities
- Critical Environmental Component Spare Parts List
- MSDS of Chemicals Used in the Engine Room
- List of Regulated Wastes
- Discharge Restrictions List
- List of Sealed Valves
- List of Locked Valves

### ATTACHMENT C

1. The following U.S. Attorney's Offices have agreed to forgo criminal prosecution in their respective districts of Defendant and Defendant's parent, pursuant to Paragraph 8.b of the Plea Agreement:

- a. District of Alaska
- b. Central District of California
- c. Northern District of California
- d. Southern District of California
- e. District of Hawaii
- f. District of Maine
- g. District of Massachusetts
- h. District of New Jersey
- i. Eastern District of New York
- j. Southern District of New York
- k. District of Oregon
- l. District of Puerto Rico
- m. District of Rhode Island
- n. District of South Carolina
- o. Southern District of Texas
- p. District of the Virgin Islands
- q. Eastern District of Virginia
- r. Western District of Washington

2. The subsidiaries, divisions, and operating units of Defendant's parent referred to within, and covered by, the waivers of prosecution in Paragraph 8.a and 8.c of the Plea Agreement are as follows:

- a. Carnival Cruise Line (a division of Carnival Corporation)
- b. Holland America Line N.V. (a subsidiary of Carnival Corporation)
- c. Seabourn Cruise Line, Ltd. (a subsidiary of Holland America Line N.V.)
- d. Costa Crociere S.p.A. (a subsidiary of Carnival plc)
- e. AIDA Cruises (a division of Costa Crociere S.p.A.)
- f. Cunard Line (an operating unit of Carnival plc)
- g. P&O Cruises UK (an operating unit of Carnival plc)

3. In addition to ECS and the U.S. Attorney's Office for the Southern District of Florida, the following U.S. Attorney's Offices have agreed to forgo criminal prosecution in their respective districts of Defendant, Defendant's parent, and the subsidiaries, divisions, and operating units of Defendant's parent listed in the preceding paragraph, pursuant to Paragraph 8.c of the Plea Agreement:

- a. Southern District of Alabama
- b. District of Alaska
- c. Central District of California
- d. Northern District of California

- e. Southern District of California
- f. District of Columbia
- g. District of Connecticut
- h. Middle District of Florida
- i. District of Guam and the Northern Mariana Islands
- j. District of Hawaii
- k. Eastern District of Louisiana
- l. District of Maine
- m. District of Maryland
- n. District of Massachusetts
- o. District of New Jersey
- p. Eastern District of New York
- q. Southern District of New York
- r. District of Oregon
- s. District of Puerto Rico
- t. District of Rhode Island
- u. District of South Carolina
- v. Southern District of Texas
- w. District of the Virgin Islands
- x. Eastern District of Virginia
- y. Western District of Washington