

Sustainability Report





*“Five million passengers embarked
a cruise in a European port in 2010”*

A Message

TO CARNIVAL UK STAKEHOLDERS

The growth of the cruise industry - both globally and also specifically in the UK and Europe - continued in 2010 despite subdued economic conditions in some parts of the world.



In the first of these reports - published in 2010 - I said that I believed the industry's centre of gravity had made a significant shift across the Atlantic with the focus of the major companies now firmly settled on Europe; now some within the industry are talking openly of a time not too far away when Europe will produce more cruise passengers than North America.

Of the cruise capacity marketed in North America, European destinations accounted for nearly 27% in 2010 compared to less than 20% in 2005. This switch has not only meant more North Americans cruising in Europe but - allied to the growth in capacity offered by UK and European-based brands - also an upsurge in the number of Europeans choosing cruise holidays. In 2010, the total reached 5.5m which compares with just 3.1m in 2005 and reflects double digit growth in four out of the last five years. (*fig.a and fig.b overleaf*)

More than 4.2m of the 5.5m in 2010 cruised either in the Mediterranean or in Northern Europe and, overall, about 5m passengers embarked a cruise in a European port that year.

Within the 5.5m, 1.62m were from the UK - Europe's largest source market for cruise passengers. After double digit growth in each of 2006, 2007 and 2008, the UK total was up by a more modest 3.8% in 2009 but saw increased growth of nearly 6% in 2010 and a similar rise is expected in 2011.

The impact of these passengers and the broader aspects of operating cruises in Europe and elsewhere on UK and European economies is detailed within this report but I would highlight one set of statistics: direct spending by the cruise industry in Europe grew by 3% to 14.5bn in 2010. There has been 73% growth since

2005 as steady increases in cruise line expenditure, passenger spending in ports of call and employee remuneration has more than offset the fall back in shipbuilding and repair revenues due to the slowdown in new ship orders over the past three years. (*fig.c overleaf*)

The UK itself followed a 6% rise to 2.4bn in 2009 with an even larger - near-7% - growth in 2010 when total direct spending reached 2.6bn. The number of UK jobs generated by the industry rose to nearly 59,000 - a 50% increase in just four years. (*fig.d overleaf*)

Despite the global economic crisis which took hold in the second half of 2008 and continued through 2009 and 2010, the signs are that cruising has proved more resilient than other tourism and leisure sectors and that its growth will continue unabated.

But, with rapid and substantial growth comes increased responsibility for the industry to ensure that its impacts are generally beneficial rather than negative.

This - the second Sustainability Report published by Carnival UK - is just one part of our company's multi-faceted action-plan to meet and surpass the expectations of our various stakeholders in that regard.

As an industry, we recognise the need to balance out the actions needed to sustain an ever-increasing economic benefit for the communities affected by our operations with that of fulfilling wider social and environmental needs.

As a company, Carnival UK is not only part of the world's largest cruise group (Carnival Corporation) but is also itself the market leader in the UK and we recognise the need to set the agenda for building an industry that is sustainable economically, socially and environmentally.

fig.a

Percentage of the North American cruise market choosing European destinations

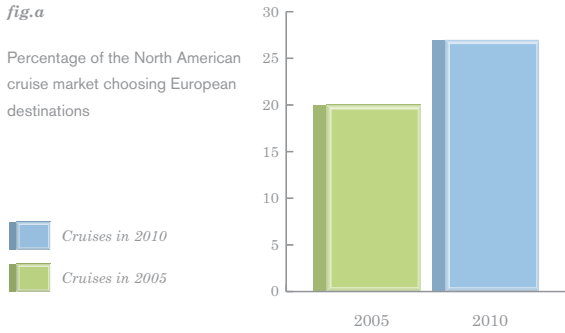


fig.b

Europeans choosing cruising holidays (in millions)

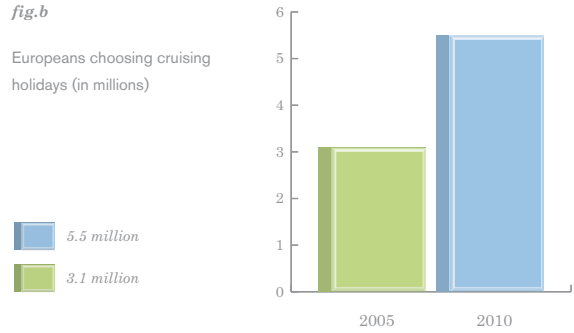


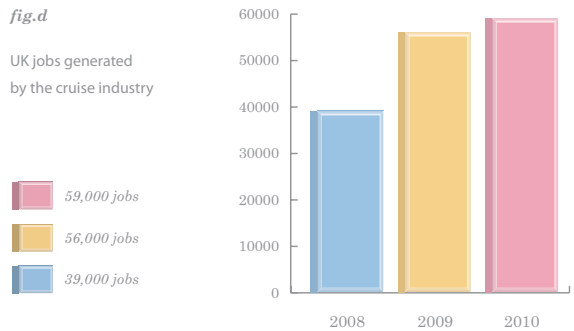
fig.c

Direct spending by the cruise industry in Europe



fig.d

UK jobs generated by the cruise industry



Although it has some unique issues, cruising shares many challenges with the broader tourism industry - especially in the environmental arena where there is increasing regulation on emissions and waste management and pressures to conserve energy.

In fact, cruise companies including Carnival UK have already invested millions of euros on trialling, installing and implementing new energy-saving, waste-management and emission-controlling systems and technology.

There is no doubt that some of this investment and commitment to preserving an environment (both the oceans and the destinations visited) - on which, after all, the industry depends for its ability to present an appealing product to prospective customers - has gone largely unnoticed.

This is another reason for presenting this report which details with as much transparency as possible the level of environmental impact caused by Carnival UK operations on land and at sea, the measures taken to lessen that impact and those planned for the future to ensure we reach the targets we have set for ourselves.

For many of these targets, we would not deny that we have commercial as well as environmental and social imperatives to achieve them.

Our fuel costs will inevitably rise as sulphur and other emission regulations require our ships to burn more refined - and more expensive - products so we are already slowing ships down and making them more fuel-efficient through new advanced hull coatings, improved air-conditioning controls, integrated management systems and a host of other new or developing technologies.

For new ship designs, we can also incorporate more advanced hull forms, more efficient power management and consumption and even solar panels.

Other technologies - such as sea-water scrubbers - have yet to be proven and there are issues concerning the availability and desirability of shore power for docked ships to switch to - a move which is currently being promoted by the European Union as an emissions-reducing solution.

Technical measures alone cannot deliver the reductions being demanded in the required timeframe. We are also still some way from an acceptable carbon-trading model for international shipping and, alternatively, there could be a tax on fuel to offset emissions and fund research and development.

But - however it has to be achieved and as this report is designed to reflect - Carnival UK is committed at all levels to delivering a sustainable product within a sustainable industry which is sufficiently profitable. This in turn should support an expanding, well-rewarded and supported workforce and network of suppliers and to enhance significantly the economies and services of the communities its ships visit.

David Dingle
Carnival UK Chief Executive Officer

“With rapid and substantial growth comes increased responsibility for the industry to ensure that its impacts are generally beneficial rather than negative.”

Our Company

STRUCTURE

Carnival UK is part of Carnival Corporation and plc, the leading global cruise company which, in 2011, owns and operates 10 cruise brands. Two of these are UK-based: P&O Cruises and Cunard Line - while two US-based Carnival brands - Princess Cruises and Seabourn - are supported in the UK and Europe by Carnival UK.

The other six Carnival brands are Carnival Cruise Lines (US-based), AIDA Cruises (Germany), P&O Cruises (Australia), Costa Cruises (Italy), Holland America Line (US) and Ibero Cruceros (Spain), which in 2009 moved from being a joint venture to a wholly Carnival-owned brand.

Unless otherwise specified, Carnival UK data in this report applies only to P&O Cruises, Cunard Line and Ocean Village Holidays which accounted for 12% of Carnival Corporation total lower bed capacity in 2010.

At the end of the year, the remaining Ocean Village ship was transferred to P&O Cruises (Australia) effectively ending the UK brand's operations.





*“P&O Cruises and Cunard Line have
the longest histories in the industry”*

COMPANY BACKGROUND

Carnival Corporation and plc was formed in 2003 from a merger of Carnival Corporation and P&O Princess Cruises plc with the UK-based arm of the newly-created company becoming Carnival plc and operating under the Carnival UK branding.

In 2010, total Carnival Corporation revenues were \$14.5bn (up 7% on 2009) from the operation of 98 ships (up from 93) and two Alaska tour operating companies.

Of those revenues, \$8.6m (59%) was generated in North America and \$5.9m (41%) from other international markets led by the UK and Europe. Net income was just short of \$2bn - an 11% increase on 2009. Staff employed worldwide totalled 89,000 (up from 88,000 in 2009). Operating at an average 105.5% occupancy, the ships carried more than 8.5m passengers.

Carnival dates back to 1972 when entrepreneur Ted Arison formed Carnival Cruise Lines (CCL) as a subsidiary of American International Travel Service (AITS). Two years later he purchased CCL for \$1 and assumption of \$5m debt.

The company grew both organically and by acquisition over the next 30 years so that by 2003 - under the leadership of Chairman and Chief Executive Officer Micky Arison - it owned five brands: Costa Cruises, Cunard Line, Holland America Line, Seabourn Cruise Line and Windstar Cruises, in addition to CCL.

At the time of the merger, P&O Princess Cruises owned and operated three brands (AIDA Cruises, Ocean Village Holidays and Swan Hellenic) in addition to P&O Cruises, P&O Cruises Australia and Princess Cruises.

With Swan Hellenic later sold and AIDA Cruises a brand solely for German-speaking markets, Carnival UK was marketing five brands (Cunard Line, Ocean Village

Holidays, P&O Cruises, Princess Cruises and Seabourn) in the UK market during 2010.

In 2008, increased capacity meant that bookings for these five rose 30% over 2007 compared with a 12% growth in the overall UK cruise market. This gave Carnival UK about 40% of the total UK cruise market, a share which it retained in 2009. In 2010 the switch of one of the two Ocean Village ships to P&O Cruises Australia was offset by the introduction of new ships for both P&O Cruises (Azura) and Cunard Line (Queen Elizabeth).





Princess Cruises, which carried more than 100,000 UK passengers for the first time in 2008, also increased sales again in 2010 to about 130,000.

P&O Cruises and Cunard Line have the longest histories in the industry while Ocean Village was formed in 2003 with one ship. A second was added in 2007 but a decision was made in 2008 to phase out this brand by the end of 2010.



P&O CRUISES

Discover a different world...

FLEET 2010	GROSS REGISTERED TONNAGE	NORMAL OPERATING CAPACITY	MAXIMUM OPERATING CAPACITY
ARCADIA 	83,700	2,016	2,120
ARTEMIS 	45,000	1,200	1,260
AURORA 	76,000	1,870	1,950
AZURA 	115,000	3,100	3,574
OCEANA 	77,000	2,016	2,272
ORIANA 	69,000	1,818	1,928
VENTURA 	115,000	3,078	3,574

Historical highlights 1835-2010

1835

Arthur Anderson runs a dummy advertisement in his own Shetland Journal for "cruises" around the Shetland Isles to the Faroes and Iceland.

1837

The Peninsular Steam Navigation Company - owned by Anderson and Brodie McGhie Willcox - was awarded the contract to deliver the Royal Mail to the Iberian Peninsula (Spain and Portugal).

1840

Name is changed to the Peninsular and Oriental Steam Navigation Company when it wins the Royal Mail contract to Egypt.

1844

William Makepeace Thackeray is given a free cruise to Egypt which involves travel on several P&O ships. Although his review is mixed, to say the least, it brings P&O welcome publicity.

Late 1800s

Orient Line (later bought by P&O in 1918) effectively established cruising as a holiday choice, with Caribbean, Mediterranean and Norwegian fjords itineraries.

1904

P&O buys the liner Rome and turns it into its first full-time cruise ship, Vectis.

1922

Orient Line resumes cruising post-World War I.

1929

P&O launches Viceroy of India, its first turbo electric-powered ship and the first to have an indoor swimming pool.

1957

Two liners - Canberra and Oriana - are ordered for the UK-Australia run and, by the time both were launched (1960/1961), P&O Cruises had created a new brand, P&O Orient Lines, for which they operated. This reverts to P&O Cruises just six years later.

1974

P&O Cruises buys Princess Cruises, a US West Coast brand created in 1965 by Stanley MacDonald, creating P&O Princess plc. Canberra returns from its liner-to-cruise ship conversion to begin sailing from Southampton.

1982

Canberra, along with Cunard's QE2 and the Uganda from P&O Cruises educational cruise brand British India, were requisitioned by the British Government for the Falklands War.

1988

Princess Cruises takes over Sitmar and P&O Cruises makes the provisional decision (confirmed with an order in 1991) to build a new cruise ship, which became Oriana in 1995.

2000

P&O Cruises takes delivery of a second new ship, Aurora. In the same year P&O Princess plc demerged from P&O's other key business areas, trading as an independent company on the London and New York stock exchanges.

2002

Princess Cruises' Ocean Princess switches to P&O Cruises and is renamed Oceana.

2003

P&O Princess Cruises is merged into Carnival Corporation.

2005

A third new ship, Arcadia, joins P&O Cruises and a second Princess ship, Royal Princess, is switched and starts operating as Artemis for P&O Cruises. Adonia, which had previously been switched from Princess, rejoins its former fleet as Sea Princess.

2008

P&O Cruises first ship in excess of 100,000t, Ventura, enters service.

2009

Sale of Artemis (effective 2011) is announced with Adonia (formerly Royal Princess) to be switched from Princess Cruises to replace it at the same time.

2010

A sister ship to Ventura, Azura, enters service.

CUNARD

THE MOST FAMOUS OCEAN LINERS IN THE WORLD™



FLEET 2010

	GROSS REGISTERED TONNAGE	NORMAL OPERATING CAPACITY	MAXIMUM OPERATING CAPACITY
QUEEN ELIZABETH	92,000	2,092	2,170
QUEEN MARY 2	151,400	3,090	2,620
QUEEN VICTORIA	90,000	1,980	2,170

Historical highlights 1835-2010

1839

Samuel Cunard establishes the British and North American Royal Mail Steam Packet Company - known as Cunard Line - principally to carry the Royal Mail to Canada and the USA.

1881

Cunard's first steel vessel, *Servia*, enters service as the line's first solely passenger ship.

1906/7

Lusitania and *Mauretania* launched with the latter going on to hold the Blue Riband for the fastest Atlantic crossing for 22 years.

1920s/30s

The heyday of transatlantic crossings with Cunard's slogan "Getting there is half the fun!" becoming a household phrase.

1922

Laconia makes the first-ever world cruise.

1934

Queen Mary is the first merchant vessel to be launched by a member of the Royal Family - *Queen Mary* herself.

1939-1945

Winston Churchill remarks that the requisitioning of Cunard's *Queen Mary* and *Queen Elizabeth* as troop carriers helps shorten World War II by at least a year.

Late 1940s

The two liners begin carrying film stars and other celebrities among many thousands of other business and leisure passengers on transatlantic crossings.

1949

Cunard's first ship to be built solely for cruising, *Caronia* (known as the *Green Goddess*) enters service.

1950s

Cunard liners carry a third of all passengers crossing the Atlantic.

1959

First jet crosses the Atlantic, signalling a time when more passengers fly rather than sail across.

1967/1969

Launch and maiden voyage of *Queen Elizabeth 2*.

1971

Cunard Steamship Company taken over - after 131 years - by *Trafalgar House PLC*.

1976/7

Cunard *Countess*/Cunard *Princess* launched and Cunard *Countess* is later requisitioned - along with *QE2* - for Falklands war in 1982.

1983

Cunard buys Norwegian America Cruises' *Sagafjord* and *Vistafjord*.

1986

Cunard acquires *Sea Goddess 1* and *II*, bringing fleet to seven ships - the largest number for 25 years.

1993

Cunard enters joint venture with *Crown Cruise Line* to operate *Crown Dynasty*, *Crown Jewel*, *Crown Monarch*.

1994

The world's highest-rated ship, *Royal Viking Sun*, is bought by Cunard for \$170m.

1996

Norwegian conglomerate *Kvaerner* buys *Trafalgar House* and takes control of Cunard.

1997

The headquarters of Cunard moves from New York to Miami.

1998

A *Carnival Corporation*-led consortium buys Cunard for \$500m and merges it with *Seabourn Cruise Line* to form *Cunard Line Limited*.

1999

Carnival buys another 32% of Cunard to gain 100% ownership.

2000

Cunard signs final contract for France's *Chantiers de l'Atlantique* to build *Queen Mary 2*.

2001

Pamela Conover becomes the first woman to take the Cunard helm when she is appointed President and Chief Operating Officer.

2004

Queen Mary 2 is named by Her Majesty the Queen and enters service.

2007

Another new ship, *Queen Victoria* - this time purpose-built for cruising - is named by her Royal Highness The Duchess of Cornwall and enters service.

2009

Farewell year for *QE2* before "retired" to Dubai.

2010

HM The Queen names the new *Queen Elizabeth*, the arrival of which gives Cunard the youngest fleet in the industry.

Policies

AND INITIATIVES ON SUSTAINABLE TOURISM (SO5 EN26)

In 2008 Carnival UK became one of the founding partners of Tourism 2023, a tourism initiative facilitated by the sustainable development charity Forum for the Future (founded by conservationist Jonathon Porritt) which ran until 2010.

Supported and part-funded by the UK's Department for Environment Food and Rural Affairs (DEFRA), Tourism 2023 was a joint project to help the UK outbound travel and tourism industry plan for a sustainable future.

The other founding members included the Association of British Travel Agents (ABTA), British Airways, The Co-operative Travel, The Travel Foundation, Thomas Cook and Tui Travel while Sunvil and Advantage Travel Centres joined at a later stage.

CARNIVAL UK AGREED TO TAKE FORWARD THE PRINCIPLES IT HELPED SHAPE BY:

- Protecting the environment
- Developing employees
- Providing customers with mainstream sustainable products
- Ensuring that destinations benefit from tourism
- Innovating to create sustainable transport and resorts
- Developing a business which is environmentally, socially and financially sustainable



“Carnival UK is fully aware of the potential environmental impact its travellers have on destinations”

“Carnival UK played a pivotal role in ensuring that the 2023 Tourism Vision and Strategy took into account various scenarios based on current and future developments”



Carnival UK is also committed to working with the other members to address issues that needed urgent action but which could not be tackled by any travel organisation in isolation.

Carnival UK played a pivotal role in ensuring that the 2023 Tourism Vision and Strategy took into account various scenarios based on current and future developments such as climate change, resource scarcity, legislation, increased domestic demand and travel from emerging economies whilst maintaining a sense of plausibility.

This was the first time an industry sector had come together in order to integrate a sustainable vision into its individual business plans and to deliver innovative solutions to the challenges of sustainability. Carnival UK was represented on both the main advisory board and also on the steering committee. These groups met frequently while the project also consulted with more than 100 experts within the travel and tourism industry.

Like other tourists, cruise passengers want to experience well-preserved monuments and ancient ruins, untouched coastlines and stunning beaches, therefore cruise companies need to encourage and assist the local shore excursion providers throughout the world to embrace sustainable tourism initiatives to ensure these areas are safeguarded for future generations.

Carnival UK is fully aware of the potential environmental impact its travellers have on destinations and their communities. For that reason, it will be working with ABTA and its consultants to look specifically at sustainable cruising in 2011. (SO5)

GREEN WORLD TOURS

Carnival UK brands have always carefully selected the tours they sell to passengers, avoiding those which could cause damage to communities or the environment. (SO1)

As a company, Carnival UK has always looked to be supportive of shore excursion providers which adopt a more sustainable approach to tourism and, in 2010, it launched the Green World Tours initiative - an innovative programme of charitable and responsible tourism-based shore tours and activities designed to give something back to towns and communities featured in its ships' itineraries while simultaneously creating uniquely rewarding experiences for passengers. (EN12)

The first tour featured during Oriana's world cruise and involved the SOS Children's Village in Manila, Philippines. One of a number of villages run by independent, non-governmental social development organisation, this provides a family-based care system for children without parents until they become adults.

The aim is to create loving families for orphaned children and this first Green World Tour saw passengers and crew giving more than £500 worth of Christmas presents - everything from sweets to scooters. In fact, one child on the tour donated some of her own clothes that she had outgrown.

In return, the passengers were treated to a dance show by some of the children before being invited to spend time with both the children and the volunteer staff, learning about their lives and seeing their home. All pronounced it a day to remember.



Other Green World experiences, which are included in the shore excursion programmes on all P&O Cruises and Cunard Line world cruises, include a visit to the Children's Home in Port Kelang, near Kuala Lumpur in Malaysia; the Children's Sunshine Village in Phuket, Thailand; and the Peninsula School Feeding Project in Cape Town, South Africa.

In Dubai, passengers on Queen Elizabeth (Cunard) had the exclusive opportunity to meet the residents (6,000 orphans and 1,300 single women) looked after at the Al Hisan Charity Centre and also to dine with the centre's patron and CEO, His Highness Sheikh Abdul Aziz and his family.

Environmentally-based Green World tours include a trip from Reykjavik to the Hellisheidi Geothermal power plant in Iceland where refreshments include bread baked underground by steam, geothermally-grown produce and eggs boiled in natural springs. This was nominated as Shore Excursion of the Year at the Seatrade Med cruise conference and exhibition in November 2010.

Other tour destinations include the Sea Turtle Conservation Centre in Laem Chabang, Thailand; the Manatee Centre in Recife, Brazil; and the Cats and Dogs Rescue Centre in Ko Samui, Thailand.

Eco tours are proving increasingly popular within the main shore excursion programmes offered by Carnival UK brands with local operators such as Chukka Caribbean Adventures which has earned Green Globe certification for its continuing commitment to sustainable tourism.

Another of Carnival UK's selected operators is Swiss Travel Service in Costa Rica which is CST-approved for Sustainable Tourism and offers a range of tours from aerial trams in the rainforest canopy to boat trips through the Tortuguero Canals.

Other tours which attract cruise tourists with a common interest in nature, wildlife and culture include the release of baby turtles in the ocean near Acapulco in Mexico, whale and dolphin watching in the Azores and a visit to a Carib Indian Territory Village in Dominica to experience a taste of local food, crafts and culture.

In some Caribbean ports, there is the opportunity to interact with dolphins in a confined environment but,

in order to maintain its commitment to the environment, Carnival UK has elected not to operate tours which involve interaction with captive dolphins. (EN26)

Passengers are also provided with advice about the types of souvenirs that cause damage to the natural environment. Turtle shells, coral and plants are among those that the company recommends passengers do not buy so as to help preserve natural species in the places they visit.

Carnival UK is also mindful of its responsibilities with regard to the disposal of rubbish not only at sea but also in ports of call. Passengers are reminded through the ship's newspaper and the port presentations to dispose of rubbish in a responsible manner, using local rubbish bins where possible. If passengers are unable to dispose of rubbish ashore, they are encouraged to take it back to the ship so that it can be deposited in recycling waste bins provided on board. (SO1)

SHORE MOBILITY EXCURSIONS

Over the past few years Carnival UK has developed a Shore Mobility Department to offer a standardised programme of excursions for full and part-time wheelchair users.

In a growing number of destinations (including such popular calls as New York, Boston, Rome and St Petersburg), wheelchair-adapted vehicles allow disabled passengers full access to these tours while, in Venice, a local escort accompanies passengers on the public boat service and assists them to gain access to wheelchair-adapted bridges in the city.

There is also a facility for those unable to board a regular coach to book bespoke private tours. Examples of bespoke arrangements made for P&O Cruises passengers in 2010 included a party of four adults and two children (one of whom was a full-time wheelchair-user) taking a guided tour of Barcelona's famous Camp Nou football stadium and museum.

Another group took personalised tours in adapted vehicles in Malaga, Athens, Naples, Istanbul and Almeria with all the sights to be visited having been checked out in advance to ensure their wheelchair-accessibility.

“Passengers are also provided with advice about the types of souvenirs that cause damage to the natural environment”

Environmental

ISSUES AND PERFORMANCE INDICATORS

Carnival UK plays an active part in the UK Chamber of Shipping, chairing the Marine Environmental Issues committee in 2010 and a leading role in the UK Passenger Shipping Association where it chaired the Safety/Security Health Environment and Welfare (SHEW) committee. (SO5)

All its brands adhere to company and industry standards which meet and often exceed regulatory requirements in areas such as waste discharges.

We achieve these targets in the following ways:

- Carnival UK has an Environmental Manager responsible for ensuring Environmental Management System (EMS) implementation and for monitoring environmental performance.
- Each ship has an Environmental Compliance Officer ensuring that these standards are met.
- The ships in the Carnival UK fleet use a variety of different diesel and gas turbine engines.
- In 2009, consumed 442,891 tonnes of Heavy Fuel Oil (HFO) and 26,858 tonnes of Marine Gas Oil (MGO) for a combined total of 469,749 tonnes.
- This total was a 12.7 % drop compared with 2008 when the total was 538,026 (including 507,779 HFO and 30,247 MGO).
- The total fuel used per Available Lower Berth (ALB) km also dropped by nearly 6% from 0.124 kg to 0.117kg. (fig.f)
- In 2010, there was a small increase - to 29,892 tonnes - in MGO consumption but a 21% fall in HFO to just 347,965 tonnes.
- Overall fuel consumption was therefore 19.6% down on 2009 while the fuel used per ALB km was also down by 18% to 0.096kg. (EN3)

fig.f

Total fuel used per Available Lower Berth (ALB)

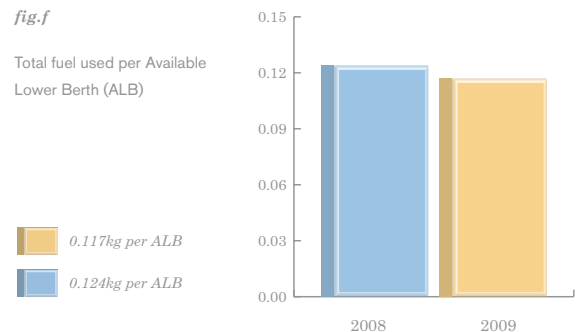
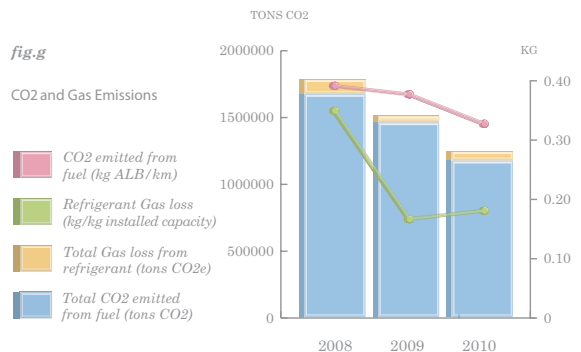


fig.g

CO2 and Gas Emissions



These ongoing reductions are due to a twin-pronged approach to the issue which has twin benefits: ie. environmental as well as cost.

- Itineraries across Carnival UK brands have been adjusted to reduce average cruising speeds and distances travelled while operational and technological initiatives have improved fuel-efficiency. (EN5)
- Using conversion factors from the Marine Environmental Protection Committee (MEPC/Circ 471 29 July 2005), HFO and MGO usage contributed 1,178,079 tonnes of CO2 to the atmosphere
- This was a near-20% reduction compared with 2009 exactly in line with the reduced fuel consumption.
- Compared with 2008, the 2010 emissions total was nearly 30% lower.
- The 2010 usage equated to 0.298Kg per ALB km which was an 18.6% reduction on 2009 and 23% on 2008. (EN16) (fig.g)

Greenhouse gas emissions have not been calculated for refits due to the lack of data on the mix of power supply to the docks but there are figures for other greenhouse gas emissions involved in Carnival UK ship operations.

- For example, 12.7 tonnes of refrigerant gas were lost in 2010 - up from 9.8 tonnes in 2009 but still well below the 24 tonnes lost in 2008.
- Using conversion factors contained in EC 842/2006 and UNEP Technology and Economic Panel Review 2009 where available and the Material Data Safety Sheet (MSDS) where not, the CO2 equivalent to the 2010 total was 70,040 tonnes - again up on the 50,150 tonnes of 2009 but below 2008's 109,870 tonnes.

- The Ozone Depleting Potential (ODP) rose by 21.8% in 2010 but the key comparison is the amount of gas lost per AC/fridge/freezer capacity installed across the fleet (installed capacity is judged as the operating capacity of the main refrigeration and A/C systems and does not include every under counter refrigerator although gas consumption would include losses from all sources) as this stood at 0.35kg in 2008, halved to 0.17kg in 2009 and was only marginally higher - at 0.18kg - in 2010.
- Carnival UK has taken the decision to phase out CFCs and HCFCs from general use and the company has plans to reduce the ODP and Global Warming Potential (GWP) of the refrigerant gasses used still further in the future. (EN16, EN19)
- Currently each ship has a range of refrigerators and airconplants with gas capacity running from a few kgs up to several tonnes. They're fitted with fixed gas detection systems augmented by regular handheld detector monitoring by Ventilation Officers.
- The Technical Department is tasked with finding the most appropriate refrigerants to keep the ships comfortably cool and the foodstuffs chilled or frozen whilst phasing out those most harmful to the environment. (EN5 EN26)

SPILLAGES

There were nine oil, bilge/grey/black water, sewage or chemical spills from Carnival UK ships in 2010. Three involved oil/oily water with about 400 litres of oil lost due to a leaking slew bearing on Arcadia (P&O Cruises), ten litres of tender bilge water discharged from Aurora (P&O Cruises) due to an engine cooling water leakage, and 15-20m3 of bilge water intentionally discharged from Artemis (P&O Cruises) for safety reasons to offset a leak in the ballast main by allowing more grey water to enter the bilge than could be managed onboard. In fact, the oil content of the water in the latter two incidents was very low.

“Itineraries across Carnival UK brands have been adjusted to reduce average cruising speeds and distances travelled while operational and technological initiatives have improved fuel-efficiency. (EN5)”

Six were due to individual human error: treated sewage, 1.5m³ and 4.3m³ of treated black water were discharged within 12 nautical miles (nm) of land from Aurora in three separate incidents; 40m³ of sewage, 80m³ of grey water and 7m³ of food waste were discharged within 12nm of land from Oriana (P&O Cruises); 50m³ of grey water was discharged from Artemis within 6nm of land in the Aegean; and 164m³ of grey water discharged from Queen Elizabeth (Cunard Line) within 12nm of land. None of these events were in breach of legislation, only of the strict requirements insisted upon by Carnival UK.

A number of incidents occurred during storing operations including a pallet of biological cleaning chemicals four bottles of compressed CO₂, a pallet of crockery, and 250 brochures lost over the sides of - respectively - Artemis, Ventura, Aurora and Oriana (all P&O Cruises) .

A passenger wheelchair was also lost overboard during luggage embarkation on Queen Victoria (Cunard Line) while, during training exercises, a liferaft shell was lost from Arcadia and man-overboard dummy from Ocean Village. Gangway safety barriers for Arcadia were lost in a harbour due to high winds. (EN23)

FINES AND NON-MONETARY SANCTIONS

In June 2010, a final settlement was reached to close all claims relating to the brief grounding of Ventura at Catalina Island in the Dominican Republic in March 2009. This involved payment of \$500,000 and a pledge to provide \$200,000 over the following two years to fund agreed environmental projects. Apart from this, there were no significant fines or non-monetary sanctions for non-compliance with laws levied against Carnival UK during 2010. (EN28)

EMISSIONS

As already detailed, Carnival UK brand itineraries are now planned to optimise the sequence of ports to reduce fuel consumption without reducing the appeal of the cruises and the passenger experience. Arrival and departure times have been modified for the same reason with ships departing early if all passengers are back onboard in time.

This - combined with the use of improved quality fuels in the North Sea and the Baltic Sea Sulphur Emissions Control Areas (SECA)s and the introduction of new ships with engines compliant with MARPOL Annex VI requirements to reduce Nitrogen Oxide (NOx) - has seen a steady but significant reduction in Sulphur Oxide (SOx) and NOx emissions from Carnival UK ships.

Across the fleet in 2010, total NOx produced was 16,115 tonnes, which was nearly 31% down on 2009 and 43% on 2008. It was a similar story for SOx emissions which, at 6,609 tonnes, were a little more than 24% down on 2009 and nearly 33% down on 2008. (fig.h)

Overall mileage, which was just over a million, was only 5% down on 2009 and 11.6% on 2008 so there were impressive reductions in emissions per miles travelled with NOx down in 2010 nearly 27% to 15.97kg/mile and SOx by 20% compared with 2009.

The use of shore power when docked can reduce daily NOx and SOx emissions but, unless that shore power comes from a cleaner source (eg hydro-electric) than the ship's supply, there is little environmental gain. There are also relatively few ports which have so far made the major investment necessary to provide shore power to visiting ships. As a result, P&O Cruises and Cunard Line have to date not had shore power-accessing technology installed.

WASTING AWAY

Wherever possible, Carnival UK recycles waste from its ships. It is, though, a fact that collection facilities vary widely from port to port so it is not always clear how much is being effectively recycled. As a result, the company is conservative in its estimates.

Also, from 2010, it has changed the way it collects and reports data on waste so that it can provide a more accurate picture of its waste streams. This means that, in this area, comparisons with previous years are misleading so for this report, only 2010 figures are shown. Comparisons will resume in the report covering 2011 .

One of the factors which makes year-to-year comparisons difficult is the question of sludge oil recycling. Sludge oil represents by far the greatest quantity of hazardous waste* landed and, given that all of this is either reprocessed or the energy from it recovered - Carnival UK decided from 2010 onwards to classify it all (9,399 tonnes in 2010) as recycled.

Of the remaining hazardous wastes, the most significant quantities were liquid wastes, which were principally photographic waste with some out of date chemicals totalling 27m³ and 16m³ of economiser/boiler wash water - all of which was disposed of along with 6.5 tonnes of wet and dry batteries (21.3% of which were recycled) and 167.6m³ of bulbs (31.4% of which were recycled). (fig.i)

*Sludge oil is not considered as hazardous by US Authorities

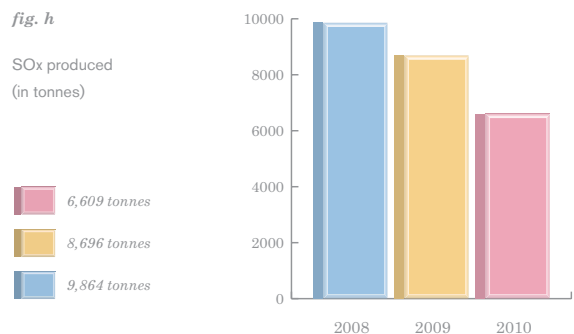
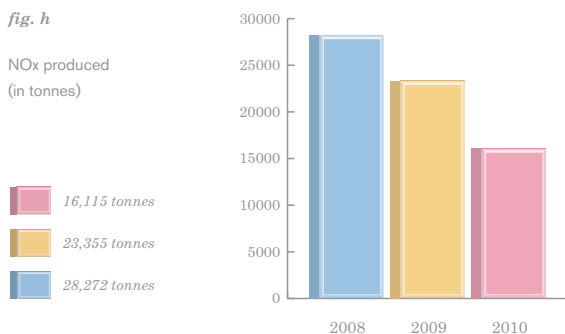


fig. i

Hazardous Waste
(in cubic metres)

- Recycled Bulbs
- Total waste Bulbs
- Wash water
- Photographic Waste

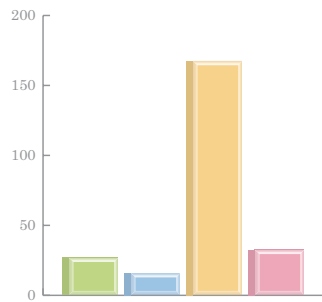
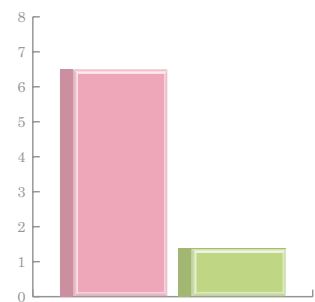


fig. i

Hazardous Waste
(in tonnes)

- Recycled batteries
- Total batteries



“Overall fuel consumption was therefore 19.6% down on 2009 while the fuel used per ALB km was also down by 18% to 0.096kg (EN3)”

About 15 tonnes of hazardous medical waste was incinerated with just 7.5kgs landed while 69 tonnes of oil and paint-contaminated rags were incinerated with just four tonnes landed. All 2,376kgs of sharps (medical waste such as scalpels, hypodermics etc) were landed in secure containers. (fig.j)

Of the 102,096 m3 non-hazardous waste generated in 2010 - 67,034m3 was incinerated, 21,445m3 (all food waste) was disposed of at sea and 13,617m3 disposed of ashore with 23% of that being recycled.(EN22)

Food waste on the ships passes through a pulper system which macerates it before it is discharged more than 12nm from shore.

This is more than the statutory limit of 3nm but the volume of food waste generated by a cruise ship is clearly significantly higher than that of non-passenger ships so Carnival has taken the decision to go the extra mile or - to be more precise - the extra nine. (fig.k)

In fact, routine discharges of black, grey and bilge waters are - like food waste - made at distances beyond MARPOL requirements and the company's ships avoid all discharges in protected areas such as marine nature reserves, fisheries zones and coral reefs (EN26). The ships' crews also have guidance on whale avoidance in the migration routes of endangered species such as the Eastern Coast of the USA and in the Ligurian Sea. (EN12)

fig. j

Hazardous Waste (m³)

- Landed medical sharps
- Incinerated rags
- Landed medical waste
- Incinerated medical waste

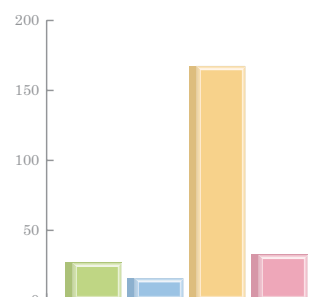
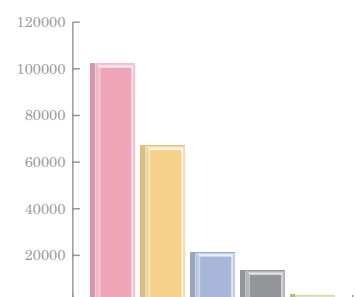
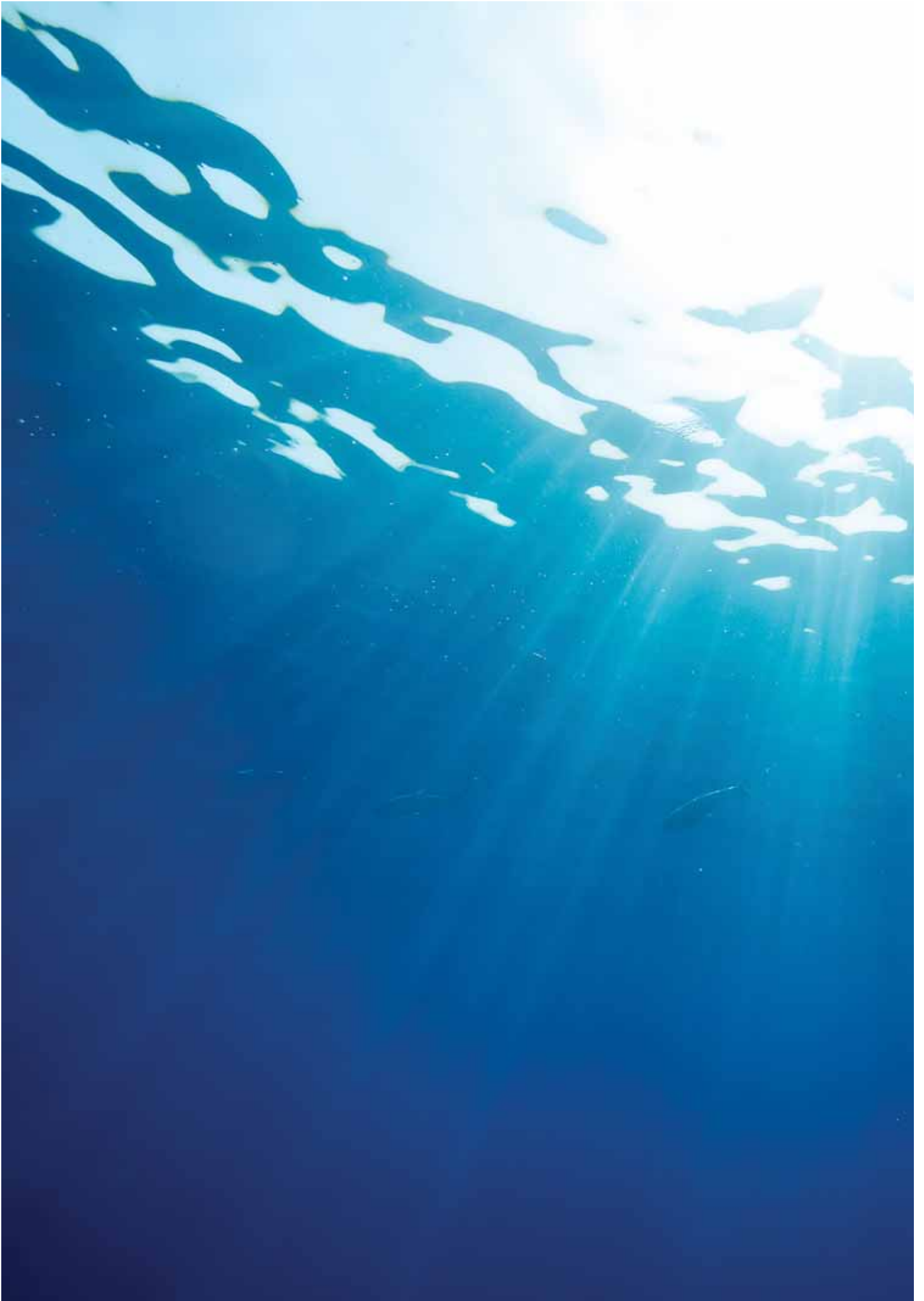


fig. k

Non Hazardous Waste (m³)

- Recycled waste
- Landed waste
- Food waste at sea
- Incinerated waste
- Total generated waste





WATER IN...

In 2009, Carnival UK ships used 2,458,161 tonnes of water (2.9% less than 2008's consumption of 2,530,927 tonnes) which equates to 342 litres per ALBD compared to the 2008 figure of 347 litres. In 2010, consumption increased nearly 5% to 2,578,306 tonnes and - on a kg per ALBD basis - by more than 2% to 350. (EN8)

This small increase is due to a change in the composition of the Carnival UK fleet and, in 2011, water focus groups are planned to share best practices in water management around the fleet.

There was also an increase - from 81% to 86% - in the amount of water used that was produced on board as each ship can make its own potable water maintained

to recognised drinking water standards with none of the feed-water drawn from areas that may be contaminated or at risk of viral infection.

Reverse osmosis and evaporation is used to produce the water and the latter process utilises waste heat from the power-plants and additional boilers when necessary. Just 14% of the water was bunkered, reducing the impact on local supplies. In fact, on one occasion in 2010, Azura (P&O Cruises) landed potable water in St Lucia. (EN5)

“Carnival UK ships always conform to local restrictions”

WATER OUT...

In the discharge of treated and untreated black, grey and ballast water, Carnival UK meets or exceeds all international and national recommended standards and requirements.

All its ships have International Maritime Organisation (IMO)-approved sewage treatment plants including membrane bio-reactors which are more efficient at removing pathogens such as e-coli. Although, in one of the trade-offs which are prevalent in the emerging environmental problem-solving technology sector, they use more energy in so doing.

All bilge water discharged into the sea is first processed by MARPOL-approved separators while that discharged ashore is often where it is a local authority requirement.

Waste water production across the Carnival UK fleet increased in 2010 to 353 litres per ALBD but was still below the 2008 figure and it was a similar pattern for bilge water with the retirement of the QE2 (Cunard) being partially offset by the arrival of several new ships over the period. (EN21)

There is no international legislation restricting the discharge of grey water (collected from laundries and showers) at sea but Carnival UK ships always conform to local restrictions and discharge at least 4nm from shore and when travelling at six knots or more.

Some advanced waste water treatment systems (AWWTS) can also treat grey water and in 2010, there were reductions to 182,549 tonnes and 1,621 tonnes respectively, in the treated amounts discharged both at sea and ashore.

The ships continue to comply with the specific requirements to discharge ashore at ports such as Quebec and Montevideo, which are looking to protect estuaries and other coastal zones.

To facilitate the maintenance required of the on board sewage treatment plants to keep them operating at optimum efficiency, a total of 517 m³ of untreated sewage was discharged during 2010, of which just over a quarter was carried out at sea in accordance with MARPOL regulations. This was a lower total than in both 2008 and 2009.

Although MARPOL regulations allow treated sewage to be discharged anywhere at sea, Carnival UK ships will discharge this, whenever possible, more than 12nm from shore and again when the ship is travelling at six knots or more.

Carnival UK's Ballast Water Management Plan conforms to the relevant IMO Ballast Water Convention and any differing host nation requirements. When a ship cannot comply with a national requirement, it seeks permission to discharge*. During 2010, 296,856 tonnes of ballast water were discharged at sea and 2,110 tonnes ashore. Carnival UK is now reviewing commercially available, IMO type approved Ballast Water Treatment Systems to determine which might be suitable to fit to the fleet.

**from the nation in question*





Our 2010

ENVIRONMENTAL PLAN

As part of Carnival UK's commitment to improving environmental performance, it has defined specific environmental aims and objectives in order to ensure these can be effectively managed.

In setting these targets, other factors have been taken into consideration as well as the prevailing and prospective legal and regulatory requirements and the company's own financial, operational and business requirements.

These included current environmental policy and performance, the available technological options, communications from interested parties and recommendations for environmental performance improvements.

The results of the objectives relating to fuel reduction, water consumption and refrigerant gas consumption have been detailed earlier but one of the other key objectives is to maintain the EMS and ensure all ships remain compliant.

The current EMS complies with the most widely-recognised standard: ISO 14001 (developed to help organisations manage their processes, products and services to minimise environmental impact).

Having originally received certification from the UK Maritime Coastguard Agency (MCA), Carnival UK switched external certification to Lloyds Register QA in June 2008. This enables the company to look both inwardly and externally to develop policies in a systematic way based on how its operations interact with the environment.

The company has also been working to increase its recycling effort including through specific initiatives such as one with Veolia Environmental, the aim being to reduce the amount of paper incinerated or landed as waste for disposal and to increase the amount of used cooking oil recycled.

For every tonne of high quality office paper recycled by Veolia, 17 trees and 32,000 litres of water are saved, there is a reduction of 27kg in air pollutants while enough electricity to heat the average home for six months is conserved. (*fig. 1*)

Carnival UK has also started to collect data on what is achievable onboard in order that benchmarks can be set.

“Carnival UK switched external certification to Lloyds Register QA in June 2008.”



fig. 1 For every tonne of high quality office paper recycled by Veolia, 17 trees and 32,000 litres of water are saved.

“The onboard hotel department has a wide range of operational initiatives to reduce consumption, waste, and emissions. (EN5)”

THESE INCLUDE:-

- IN THE AREA OF ACCOMMODATION:

Passengers are encouraged to conserve water by re-using towels so that they are washed periodically rather than daily. Those in balcony cabins or suites are also asked to keep the balcony door closed to reduce the call on air-conditioning. As another way of reducing energy use within the accommodation, cabin entry/cruise cards which double as cabin power cards have been introduced on the newest ships - Azura and Queen Elizabeth. (fig.m)

A range of measures to reduce water usage are also in place from water flow resistors in showers which cut water flow by up to 50% to magic eye taps, the re-use of rinse water in the main laundries and an Evac toilet system which uses two instead of the usual seven litres of water in each flush. P&O Cruises has also introduced the Aquatex Wash system in its dry cleaning as this does not use Perchloroethylene - a substance “reasonably anticipated to be a human carcinogen”.

- IN FOOD AND BEVERAGE:

A new Meal Counts system, which provides a constant real time overview of production compared to orders, assists in forecasting consumption and thereby reduces food waste.

About 85% of seafood comes from sustainable sources ie. fisheries with sourcing practices which can be maintained indefinitely without reducing the target species' ability to maintain its population and without adversely impacting on other species within the ecosystem by removing their food source, accidentally killing them, or damaging their physical environment. (fig.n)

More local produce is being sourced from suppliers at or close to the home and transit ports. This reduces fuel consumed and emissions created during the delivery process.

Products are targeted which come without or with reduced plastic packaging.

fig. m Eco actions in the area of accommodation



Re-use towels Good aircon practice Combo cabin cards

fig. n

The origins of our seafood

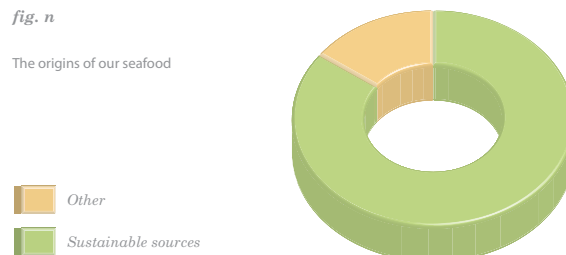
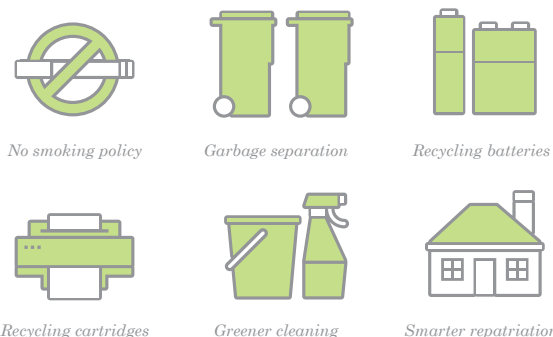


fig. o Eco awareness in other areas



No smoking policy Garbage separation Recycling batteries
 Recycling cartridges Greener cleaning Smarter repatriation

- IN OTHER AREAS

The hotel department monitors an increasingly wide-ranging no-smoking policy, is ensuring garbage separation; the recycling of toner cartridges and batteries; the reduction in the use of chemicals during cleaning and the screening of all chemicals used on board and use of a chemical information database to prevent use of any unauthorised chemicals and reduce the use of chemicals containing phosphates; and the minimising of flight times, durations, and distances involved in crew repatriations and joining through strategic crew changes driven by itinerary. (*fig.o*)

There is also an Environmental Hotline through which staff and passengers can report their concerns and observations to Carnival Corporation & plc.

- SERVE AND PROTECT

Passenger shipping is just a small part of the international shipping fleet with just 7% (6,912) of the global fleet of more than 100,000 vessels. In tonnage terms, it is even smaller at 4%. So cruising, with just 300+ ships is a tiny sector to which Carnival UK (P&O Cruises, Cunard Line, Ocean Village Holidays) contributed 11 ships in 2010

It is also the case that in some cruising destinations, regular cruise ship visits reduce the pressure on locations to provide additional hotels and the associated power, water supply and treatment plus the transport infrastructure that would be necessary to support the extra tourist numbers.

Nevertheless, cruising is subject to a wide-ranging an ever-expanding raft of operational restrictions and requirements introduced not just internationally but also locally and regionally.

The Baltic Sea and North Sea Emissions Control Area (SECA) have a new 1% limit on sulphur (SOx) came into force in 2010 and will reduce to 0.1% in 2015.

A North American ECA is to follow in 2012 with similar SOx and further NOx limits while the EU has its own directives on SOx emissions which, from 2010 require ships to operate 0.1% in port or at anchor.

The Baltic suffers with the problem of eutrophication (an excess of nutrients which encourage algal blooms and subsequent de-oxygenation leading to marine life mortality).

Although the ECC has calculated that cruise ships and ferries are responsible for less than 0.1% of nutrients (nitrogen and phosphorous) in the Baltic and this was verified by a separate study by Finland's VTT Technical Research Centre, Carnival UK's Chief Executive Officer and then ECC Chairman David Dingle committed all ECC members (including Carnival UK) to discharging all sewage (treated and untreated) ashore within the Baltic Sea area where there are adequate reception facilities as part of the HELCOM agreement detailed earlier in this report. (EN12 EN26)

- BEST PRACTICES EMPLOYED TO CONSERVE EFFICIENCY

The IMO is introducing several voluntary measures to encourage energy efficiency in the building of new ships and in the operation of existing ships.

Using best shared practices, these include: the Energy Efficiency Design Index (EEDI) for new builds - a measure of ships' CO2 efficiency calculated by an environmental cost-benefit formula; the Energy Efficiency Operational Indicator (EEOI) for existing ships; and, also for existing ships, the Ship Energy/Efficiency Management Plan. Carnival UK has supported and taken part in the development of all these initiatives.

Carnival's corporate team is working with regulators to help develop formulas that can be applied to cruise ships.



COOKING OIL PART OF RECYCLING RECIPE

Each time a Carnival UK ship calls in Southampton, it lands its used cooking oil to Veolia Environmental Services. It is collected from Veolia by Biodriven which then turns this waste product into biodiesel which is sold for use in its combined heat and power plants and thereby diverts hazardous sludge away from less environmentally-sensitive disposal routes. (EN5 EN22)

In 2010, 119.6m³ was recycled - more than double the amount achieved in 2009. (fig.p)

Carnival UK donates the revenue from the oil to the Hampshire and Isle of Wight Wildlife Trust and the Kent Wildlife Trust. This is facilitated by Biodriven which also provides the trusts with additional funding.

This combined initiative has enabled the two trusts to expand their volunteer engagement and marine survey work across the three counties. In Kent, more than 300 people participated in 24 Seasearch scuba diving surveys and 14 seashore surveys and the trust was able to run six courses to help with volunteer training.

In Hampshire and the Isle of Wight, the trust ran four training sessions and had more than 200 volunteers helping on 16 underwater surveys and a further 12 on the shore. In total, more than 500 species have been identified and mapped across the counties.

For information on how to become involved with these volunteer activities, visit these websites:

www.hwt.org.uk

www.kentwildlifetrust.org.uk/our-work/marine/kwt-shoresearch/

www.kentwildlifetrust.org.uk/our-work/marine/kwt-seasearch/

For more information on Biodriven visit

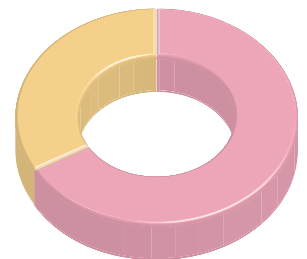
www.biodriven.co.uk/about



fig. p Biodriven turns used cooking oil into biodiesel.

fig. p

Cooking oil recycled in 2009/2010 totalled 119.6m³



WHEN BLUE MEANS GREEN

Each of Carnival UK's ships continues to be awarded the Venice Blue Flag for voluntarily agreeing to use low sulphur fuels when visiting the city.

SEaAT AND THE CDP

Carnival Corporation is a sponsoring member of the UK-based Shipping Emissions Abatement and Trading (SEaAT) cross-industry group set up in 2003 to promote sustainable and cost-effective ways of reducing harmful emissions from shipping. As well as shipping companies, other sponsors and members include technology companies and fuel suppliers.

Carnival UK, as part of the Carnival Group, has also been registering its carbon emissions and activities designed to reduce those and other emissions to the Carbon Disclosure Project (CDP) since 2004.

CARNIVAL HOUSE TURNS GREEN

During 2009, all Carnival UK staff in its various Southampton offices moved into the new Carnival House (also in Southampton) which has become its sole office headquarters in the UK and houses 1,200 staff.

As a result of this gradual moving process, the building's carbon dioxide emission steadily increased during the year for an 11-month total to the end of October 2009 of 710,776Kg. Now fully-occupied, the building's 12-month (December-November 2010) total of 1,297,989Kg included the equivalent 11-month (to end-October 2010) total of 1,238,008kg - a 75% increase but with the comparison rendered largely invalid by the difference in the building's occupation over the period.

The more significant comparison was the gradual decrease from month to month during the year so that October 2010 showed a reduction of about 50% compared with October 2009 and previous months in 2010 and a similar figure in November confirmed this was not a one-off.

The call centre uses HP terminals and Citrix, saving power and facilitating support. Its thin client approach also saves on energy use which, in turn, lowers the demand on the office air-conditioning and reduces the need for maintenance and support.

Desktop printers, scanners and 30 photocopiers were replaced with 36 centrally-managed 'follow-me' multi-function devices (MFDs), combining privacy with the elimination of wasted print-outs. These automatically shut down after a period of non-use.

Each floor has eight printers and the fact that staff need to walk to use them, while the use of Quitrac print management software enables the company to monitor exactly what is being printed. Along with measures to control the amount of colour as opposed to black and white printing, these changes are leading to a significant drop in energy use as well as that of paper and other consumables. (fig.q)

The datacentre itself was virtualised and consolidated, reducing 150 servers to just 15, once again with associated power, management and cost benefits

The same external company - Externus - which had advised on the IT service and support improvement programme conducted an eight-week assessment to help Carnival UK create a green IT strategy roadmap. This concluded that a combination of the changes already made and other improvements identified in the assessment would deliver not just a £1.4m return on investment over five years but a reduction in the projected IT-related carbon footprint of more than 50%.

The IT department accounts for more than a third of the office building's carbon emissions and about half of this was required for cooling the datacentre. To reduce the energy required for this function, the use of curtaining and channelling of the cold air is under consideration. The assessment report also recommended that the temperature of the datacentre and secondary equipment rooms be raised to 25-26 degrees centigrade because modern equipment does not need to run at the more traditional 18-20 degrees. This will also lead to a significant drop in energy use.

Environmental, corporate and social responsibility issues were at the top of the agenda when it came to designing, building and operating Carnival House.

Forest Stewardship Council (FSC) European oak was used on all veneered surfaces and more than 50% of the materials used to produce the carpet tiles is recycled.

Desks are made from 34% recyclable material without any chrome, mercury or lead and are, in themselves, 99% recyclable as they conform to the manufacturer's Eco-design "golden rules" which cover their environmental impact over their entire lifecycle.

The energy and waste management processes put in place contributed towards a BRE Environmental Assessment rating (BREEAM) of "Very Good".

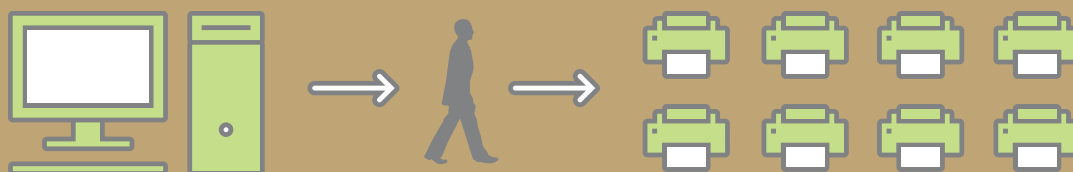


fig. q Staff are required to be at the printer when initiating a print-out which helps reduce unnecessary printing



“Each of Carnival UK’s ships continues to be awarded the Venice Blue Flag for voluntarily agreeing to use low sulphur fuels when visiting the city.”

FOR ENERGY MANAGEMENT:

The heating and cooling system is provided via the Southampton District Heating Scheme which replaces the need to have chillers and boilers.

All office lighting lamps (with the exception of safety lighting) are energy efficient and programmed to turn off after a period without nearby movement. Display lighting is LED which uses minimal electricity.

The preferred catering contractor uses devices to minimise electricity supply to appliances such as fridges and freezers.

The building management system enables flexibility in controlling the amount of lighting as well as air conditioning required in both the office and common areas.

Automatic taps in the washrooms minimise water consumption.

For waste management, banks of recycling bins replace individual office bins and waste is separated into landfill and mixed dry recyclable (paper, cardboard, plastics - including vending cups and aluminium).

Shredders are located in each of the floor hubs and MFDs print double-sided copies unless specifically requested otherwise.

The preferred catering contractor uses sustainable food suppliers and the company works with the refuse contractor on a monthly basis to reduce waste volumes and ensure responsible disposal. Food waste is incinerated to generate electricity for the National Grid and food packaging has been reduced.

Environmentally friendly cleaning products are used throughout the building. Carnival UK has also implemented a Cycle to Work scheme to help reduce the number of vehicles coming into the city and this also brings a variety of benefits to its employees including increasing their general health and wellbeing. (EN26)

SUSTAINABILITY AND ENVIRONMENTAL REPORTING

Carnival Corporation & plc issued Corporate Environmental Management Reports for fiscal years 2005, 2006, 2007 and 2008 but is now to publish full Sustainability Reports annually. www.carnivalcorp.com

Carnival UK published its first Sustainability Report in October, 2010. In the same year, other Carnival brands published similar reports also covering the fiscal year 2008/9. For Holland America Line, Seabourn and P&O Cruises Australia, it was also a first such report for each brand while, for Costa Cruises and AIDA Cruises, it was - respectively - the fifth and third such annual report. Princess Cruises produced its first report in March 2011.

Carnival Corporation & plc also continues to be a member company of the FTSE4Good Index, which is the responsible index calculated by global index provider FTSE Group. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally-recognised corporate responsibility standards and to facilitate investment in those companies. The company was rated as achieving "Good Practice" in all the four applicable areas of environmental management, climate change, human and labour rights and corporate governance. http://www.ftse.com/Indices/FTSE4Good_Index_Series

Queen Mary 2

COMES TO AID OF EYE IN THE SKY



Cunard Line is playing a key role in the crucial climate change research area of monitoring sea surface temperatures (SSTs) critical to understanding how oceans exchange energy with the atmosphere and also to building meteorological models for accurate weather-forecasting.

Since September 2010, Queen Mary 2 has been carrying a SISTeR (Scanning Infrared Sea Surface Radiometer) to detect thermal radiation emitted from the “skin” - the top 1-2mm - of the sea and thereby validate (or otherwise) the same data recorded from space.

UK company STFC Rutherford Appleton Laboratory (RAL), which designed and manufactures the SISTeR, approached Cunard in 2010 in its search for a more accurate way to “ground truth” the data from the Advance Along-Track Scanning Radiometer (AATSR), an Announcement of Opportunity (AO) instrument sent into space on the ENVISAT (a joint European Space Agency/NASA satellite) in 2002 to measure Sea Surface Temperature (SST)

Dr Hugh Mortimer, from RAL’s Space Science & Technology Department, said: “I was tasked with finding a suitable ship and, after looking into a variety of options including coastguard vessels, I realised there was only one ship with the ideal combination of a very stable base; a high vantage point over unbroken water at the bow; and the right kind of routes through both cold and warm water.

“Queen Mary 2, which travels through cold water between Southampton and New York but also makes world cruises through warmer waters, is perfect for us and we have had a very successful collaboration so far.”

(Opp page, standing on the right) Dr Hugh Mortimer, from RAL's Space Science & Technology Department.

“Queen Mary 2, which travels through cold water between Southampton and New York but also makes world cruises through warmer waters, is perfect for us and we have had a very successful collaboration so far.

“When we approached Cunard, the people there were immediately very enthusiastic and clearly wanted to help. As a result, it was quickly agreed that the SISTeR would be fitted to the starboard side of the Bridge wing. This is an ideal location to which we have easy access through a crows' nest via the air conditioning plant.”

Carnival UK Environmental Manager Richard Catt said: “RAL provided the equipment and our technical department worked to ensure that it was made 'seaworthy'. We also worked closely with RAL to ensure we had the right electrical and data connections available to deliver the readings in a timely manner.”

Dr Mortimer said: “We did a lot of ground-based calibration before we sent the AATSR up in the satellite so that it has a lot of references on board but, as soon as we put it on the back end of a rocket, it experiences a lot of vibration which could compromise the accuracy of those calibrations.

“The result is that we do not know for certain if the data being produced is correct and need to check it on the ground.

“We like to calibrate over a wide variety of waters because any alteration is not necessarily a linear process - we may get a cold temperature shown too low and a high temperature as too high.

“We put an instrument on Queen Mary 2 which we know accurately measures SST so we can compare it with the satellite data for the same surface area knowing that the Queen Mary 2-generated data is correct.

“Best of all, we receive the full package of data every single day which means we are effectively monitoring on a real-time basis.”

RAL checked the SISTeR after six months and put it back on the ship for another six months. The same month (April 2011), Dr Mortimer presented results of the joint project to the highly influential Geosciences Convention in Vienna.

“The Queen Mary 2 project will be reviewed after a full year but we are very hopeful that it will continue after that,” he said.

And another Cunard ship may join in a related project if NASA receives the necessary funding for what it describes as a pilot study.

Dr Mortimer said: “They want to put a similar instrument on Queen Victoria when the ship cruises from the US West Coast to Hawaii. This will ground truth satellite data on sea surface temperatures but will also compare with data from that provided from over-flights by NASA's own aircraft. “It also wants to send up radiosondes - helium weather balloons with equipment to measure temperature, pressure, humidity, wind speed and direction – from the ship, which should also pique the interest of passengers in this project.”





Social

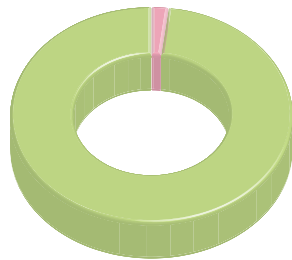
PERFORMANCE

fig. r

Only 5418.5 days were lost due to illness

Days lost due to illness

Productive days



SHORESIDE

Carnival UK shoreside staff numbered 1,092 on November 31, 2010 (the end of the company's fiscal year). Of these, 87% (1,074) were full-time. Of the total, 61.9% were women and 38.1% men. (LA1).

Turnover was modest at 11.6% for those leaving voluntarily with 10% of those leavers being staff switched to other companies within the Carnival group. (LA2).

Trade unions are not recognised within the shoreside operation so no collective bargaining agreements apply and there is no formal management-worker health & safety committee monitoring and advising on OCC Occupational health and safety programmes. (LA4 and LA6)

Carnival UK aims to optimise the safety and environmental health conditions in all its workplaces, putting in place all necessary occupational disease and injury prevention measures and being ready to adopt any new measures required to prevent all emergencies.

It is also committed to providing adequate health and safety training for its shoreside employees. All prospective employees undergo a medical examination of their fitness to do the work for which they are being hired and then have regular check-ups.

All shoreside employees are included in a Health Monitoring Plan defined by a contracted physician on the basis of the periodically-updated Risk Assessment Document. (LA6 and LA9)

All shoreside staff are also covered by the Carnival UK Health, Safety, Hygiene and Environment Committee and in 2010 there were just 16 accidents resulting in nil fatalities, occupational diseases or lost working days. The 5,418.5 working days lost due to sickness absence represented less than 2% (1.98%) of total working days. (LA7). (fig.r)

Figures for frequency and gravity of accidents, occupational diseases were recorded according to ILO 155 (Occupational Health & Safety Convention and Protocol 1981): the ILO Code of Practice on Recording and notification of Occupational Accidents and Diseases 1995; and ILO Guidelines on Occupational Safety and Health Management Systems 2001.

To ensure that employees have a channel through which to make complaints, Carnival UK has a Grievance Policy and Procedure in place.

DISCIPLINARY POLICY

There is also a Disciplinary Policy and Procedure which clearly defines discriminatory practices as constituting gross misconduct. All employees are informed of these policies and procedures when they join the company and they are accessible in full on the intranet. They also have the right to be accompanied by a trade union representative or work colleague to formal meetings held under the company's policies and procedures.

There was a single complaint of discrimination (sex) in 2010. After a thorough investigation, there was no evidence found to support the complaint (HR4) Despite the lack of recognition for trade unions and collective bargaining, Carnival UK offers employees the right to be accompanied by a trade union representative or work colleague to formal meetings held under the company's policies and procedures. (HR5)

Carnival UK also complies with the 1996 Employment Rights Act by committing to informing and consulting employees of significant operational changes within the following notice periods: one week, if the staff member has been in continuous employment with the company for between one month and two years rising by a further week for each year of continuous employment between two and 12 years to a maximum of 12 weeks for 12 years or more of continuous employment. (LA5)

Carnival UK shoreside employs no-one under the age of 18, with successful job applicants' passports being checked to confirm age and eligibility to work. Anyone under 18 - including those on unpaid work experience - is subject to a Young Person's Risk Assessment and Young Person's induction. (HR6)

All new employees are provided with a contract which they are asked to sign and return prior to starting work in order to demonstrate their agreement to the terms and conditions it contains.

“All shoreside employees are included in a Health Monitoring Plan defined by a contracted physician”

SHIPBOARD STAFF

At November 30, 2010, Carnival UK seagoing employees numbered 14,098. Of these, 37% were Indian, 27% Filipino and 16% British and the remaining 20% were spread among 85 other nationalities. Nearly 82% were male and more than 18% female. During the year, there were 6,302 departures (3,755 male and 2,547 female) and 6,996 hires and re-hires (4,931 male and 2,065 female). (LA1 LA2) (fig.s)

For its fleet operation, Carnival UK recognises several trade unions for collective bargaining purposes. These include Nautilus International; the National Union of Rail, Maritime and Transport Workers; Federazione Italiana Transport - CISL; the International Transport Workers Federation and the National Union of Seafarers of India but the company does not prevent individuals from joining any trade union. (LA4). Of the total worldwide fleet employees, 9% are covered by collective bargaining agreements (CBAs).

In line with the 1999 Employment Relations Act, the company also recognises trade unions for representation purposes even when the crew member is not covered by a CBA. (HR5)

Notice periods range from 30 days to three months but the company always aims to provide notice in line with best practice according to the potential impact of any change. In the event of significant operational changes, the company also consults and informs staff in line with their contract or CBA. (LA5)

All crew members receive a contract outlining their terms and conditions which they sign to demonstrate their agreement to these terms and, following an analysis of activities, no operations have been identified as having a significant risk of forced or compulsory labour. (HR7)

It is company policy not to employ anyone under 18 and, to ensure this is the case, applicants' passports are checked to confirm their age and eligibility to work. The only exception to this policy is for officer trainees within the Deck and Technical department where Carnival UK does consider applications from under-18s but will only offer them employment if they have parental consent. Such individuals are governed by Chapter 2, part 3 Merchant Shipping Act 1995. (HR6)

A complaints procedure is in place and all crew members are made aware of the company's Harassment, Discrimination and Retaliation Policy and are given a copy of the company's Code of Conduct in which discriminatory practices are clearly defined as constituting gross misconduct. During 2010, six complaints of

discrimination were made either through the formal grievance route or via the Complaint Hotline. The incidents were reviewed by the company which instituted full investigations. As a result, remedial action was implemented in each case. (HR4)

All shipboard workers are covered under the Carnival UK Health, Environment, Safety and Security Committee (HESS), which - on board the ships - comprises the Captain (chair), Deputy Captain, the ship's statutory Safety Officer, Staff Chief Engineer, Passenger Services Manager, Food & Beverage Manager, Senior Doctor, Environmental Compliance Officer, Cruise Director, Security Officer, Personnel & Development Manager and a secretary (minute-taker) plus elected representatives from the Hotel General Administration, Technical, Deck, Food & Beverage, Accommodation and Entertainment departments. (LA6 LA9)

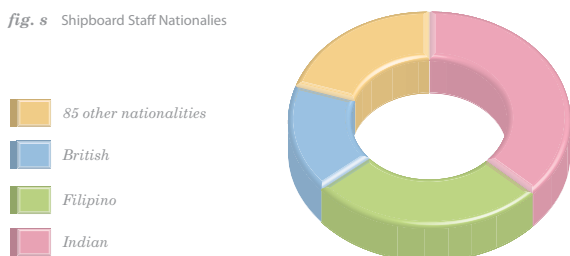
All prospective employees undergo a medical examination of their fitness to do the work for which they are being hired and have regular check-ups. All shipboard employees are included in a Health Monitoring Plan defined by the contracted shipboard physician on the basis of the periodically-updated Risk Assessment Document which identifies potentially hazardous duties for which individual fitness assessments are required. (LA6)

In 2010, there were no fatalities due to accident or injury among the crew but there were 813 recorded injuries. Of these, only 111 were lost-time accidents (ie. requiring more than 24 hours off work for recovery), and 37 reportable injuries (ie. fractures to any bone other than fingers or toes). These figures were recorded according to ILO 155 (Occupational Health & Safety Convention and Protocol 1981): the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases 1995; ILO Guidelines on Occupational Safety and Health Management Systems 2001; and reporting requirements as per Carnival Corporation & plc Maritime Policy & Compliance (MP&C). (LA7)

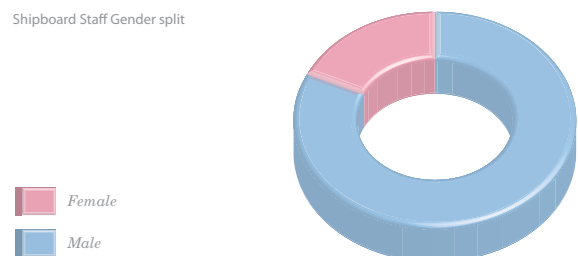
Carnival Corporation & plc and its operating lines, including those within Carnival UK, are committed to complying fully with - or sometimes exceeding - all legal and statutory requirements related to health, environment, safety and security throughout all business activities. All incidents are promptly reported and investigated and the appropriate action taken to prevent recurrence.

During 2010, Carnival UK had an exemplary record as regards non-compliance with laws and regulations with no significant fines or non-monetary sanctions applied. (S08)

fig. 8 Shipboard Staff Nationalities



Shipboard Staff Gender split



ON BOARD MEDICAL CARE FOR PASSENGERS AND CREW

Depending on the size of the ship and the length of the itinerary, the on board medical team will include one or two doctors and between two and four nurses. They operate twice daily clinics for routine cases but are on call 24 hours per day.

The aim of the medical teams on board Carnival UK ships is to provide quality medical care for both passengers and crew. This includes initiating appropriate stabilisation, diagnostic and therapeutic measures for critically ill or medically unstable patients.

The medical centres on Carnival UK ships are equipped for a range of clinical testing from Legionella to HIV and patients generally receive the results within 30 minutes. All also have x-rays using computerised radiography which, by scanning the image into a computer for digital viewing, eliminates all hazardous chemical wastes.

All doctors and nurses take part in a monthly professional development programme with regular drills for specific medical emergencies. Fleet Medical Trainers travel on board regularly to ensure competency levels are maintained to a high standard. Carnival UK ships' medical services have been accredited by the UK Health Quality Services and certified to ISO 9001:2000.

The medical teams are able to set fractures and place casts on broken bone injuries as well as carry out other minor surgical procedures.

A passenger or crew member may need to be landed to a shoreside facility for specialised care and, although usually effected during a port call, in an extreme emergency an at-sea transfer to a helicopter or boat will be carried out. This, though, will depend on the patient's condition, distance from land, and sea and weather conditions.

It would be handled by the on board medical team and - if the patient has valid travel insurance - an assistance company. Once ashore, responsibility for monitoring the patient switches to the shoreside medical department and the brand's Customer Care team.

At any one time Carnival UK can have as many as 25,000 passengers on board or travelling to or from its ships and there are always going to be occasions when they will require further support from the company above and beyond the safe and successful operation of the cruises they have booked.

In 2007, the company reviewed the service that was being provided to passengers in those unusual circumstances

which include medical or family emergencies or accidents ashore. As a result, the Customer Care team was created to enhance that service.

This comprises firstly a team of office-based staff at Carnival House, Southampton, who are dedicated to working with passengers who find themselves in difficult situations. For example, in 2010 there were more than 1,000 passengers landed from Carnival UK ships for medical reasons.

The Customer Care office focuses on supporting such passengers and, of course, their families through these difficult and often stressful events. They follow up with passengers, their insurance companies and friends and families at home to ensure that they are getting the best service possible.

Often all that they need is a friendly voice at the end of the telephone, someone who they know they can reach at any time of the day or night which is precisely why the Customer Care Office provides a service seven days a week, 365 days a year.

More than 200 people from the office-based Carnival UK team have also been trained to be able to drop whatever they are doing and travel to passengers around the globe to offer them assistance in situ. They have had specialist training in how to respond to people who have experienced some kind of unusual or traumatic event. Sometimes their support extends to accompanying family members of the passengers involved in the medical incident when they return home.

They are all volunteers drawn from across the organisation from reservations to the main board directors. They also form part of a 2,000 strong Care Team from across the Carnival Corporation brands. A further 2,000 officers and crew of the Carnival UK ships have also had the same training.

As is the case for shipboard employees, injuries sustained by passengers must be reported to Carnival Corporation & plc Maritime Policy & Compliance when they occur anywhere on board ship, while on a shore excursion sold by the company or when ashore independently.

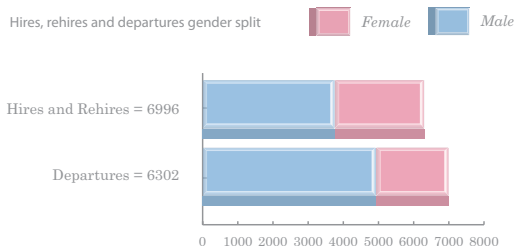
Passengers with pre-existing medical conditions are advised to verify with their doctors that they are well enough to travel and, if so, bring a note from their doctor about any recent special treatment or investigations they have been receiving as well as any recent related test results.

They are also advised to check with their doctor (or public health travel advisory service) about specific vaccinations and health precautions for ports of call on their chosen itinerary.

Passengers who will be in their 24th week of pregnancy during the cruise will be not accepted for travel. If they are earlier in their pregnancy, they are advised to alert Reservations at the time of booking. Similarly, those using electric medical equipment, oxygen or who are on peritoneal dialysis should notify the cruise line in advance.

Low sodium, low-fat, low-sugar and vegetarian diets can be provided on board but other dietary needs, allergies or medical requests must be submitted in writing in advance of the cruise.

Each Carnival UK ship has comprehensive policies in place to help prevent and control outbreaks of Norovirus and HINI (Swine Flu).



Our Corporate RESPONSIBILITIES

Carnival Corporation & plc recognises its responsibility to provide industry leadership and to conduct business as a responsible global citizen committed to achieving and maintaining the highest standards of professional and ethical conduct.

It has a Code of Business Conduct and Ethics and requires every employee and member of the board of directors to use sound judgement, maintain high ethical standards and demonstrate honesty in all business dealings.

It also manages reputational risks arising from corrupt practices by employees or business partners with well-defined policies and supporting procedures. These include specific steps for ensuring the effective deployment of these policies and procedures by employees, suppliers and business partners. Robust business processes exist which are designed to detect, report and effectively address any instances of corruption that do arise.

Carnival UK uses 4,000 suppliers across all its procurement sectors and has an accredited supplier network. To join vendors have to answer a questionnaire which creates a company profile which is then independently-audited to ensure it meets Carnival UK's minimum standards.

All Carnival UK employees receive periodic (ie. at least annually) reminders of the company's Code of Business Conduct & Ethics and its Reporting of Improprieties Policy. They are also reminded of the Compliance Hotline (and other routes) on which they can raise any concerns without fear of reprisal.

Senior employees are annually required to complete a Business Ethics Disclosure Form on which they either certify their compliance with all applicable policies (including re-notifying of any potential conflicts of interest previously approved under the policies) or disclose any instances of non-compliance. (SO3)

A Carnival UK Ethics Committee has been formed which is empowered to take a proactive approach to ethics within the Carnival UK business, including tailored training and education as might be required within individual departments. During calendar year 2011, all Carnival UK employees will be required to undertake a computer-based Business Ethics training course.

fig. t

Shipboard staff training totalled 2,875hrs

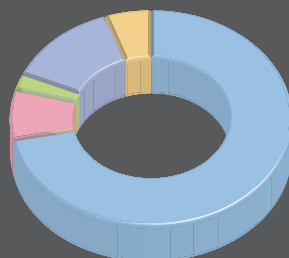
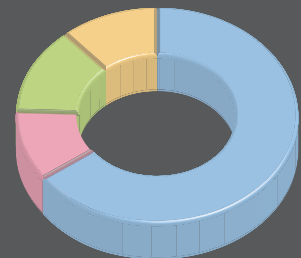
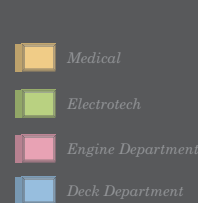


fig. t

Professional training totalled 8184hrs



DATA PROTECTION

Carnival Corporation & plc has established standards and guidelines to be observed by Carnival UK in its privacy programmes. Based on these standards and guidelines, Carnival UK has developed its own privacy policy, describing the principles and practices that guide the way personal information is collected, used, shared, safeguarded and disposed of during the normal course of business. (PR8)

In addition, Carnival UK has developed processes, policies and procedures to support the principles established in the privacy policy while providing training to employees to create and maintain awareness of its privacy practices.

Carnival UK has also developed a privacy incident response plan designed to address incidents of unauthorised access to, disclosure or use of personal information which it - or its service providers - will maintain.

From 2010, Carnival UK has been annually reviewing the adequacy of its privacy programme addressing, for example, the estimated losses incurred by the company or its customers due to breaches, the training status of employees and any attempted and actual unauthorised access to personal information and the management response.

In 2010, there were no substantiated complaints regarding breaches of customer privacy or losses of customer data. Such complaints are handled by the company's legal department which shares responsibility with the IT department for ensuring compliance with data protection laws.

The legal department would also handle any breaches according to the company's Privacy Incident Response Plan which set out the appropriate actions and responsibilities in such events. Carnival UK's General Counsel serves as its Privacy Officer.

TRAINING TO ENSURE CUSTOMER FOCUS

A key target is to "develop a strong and successful development culture across Carnival UK that is aligned to business priorities". The focus is on developing the company's leadership capability, a customer-focused culture and its succession planning and development of talent through a number of different interventions.

Human Resources (HR) Development is responsible for the training and development of shoreside staff and also helps with the development of officers and supervisors on board.

It designs and delivers the Carnival Induction Day which new employees are required to attend. This has been designed to provide key information on Carnival Corporation, the international and UK cruise industries, details of Carnival UK brands and other useful insights from HR, IT and the Facilities departments.

It is run on a bi-monthly basis to capture all new starters and in 2010 133 shore staff attended which amounted to 1,064 days of staff training. From June 2010, 71 ship-based officers (including Cadets) also attended this programme.

The ship and shoreside starters were combined on induction days to increase communication and a new checklist of information was designed for shoreside staff which managers took them through within the first seven days of them joining the company.

During 2010, 11,284 hotel employees shared 175,241 hours of training at an average of 15.53hrs apiece

Shipboard staff training totalled 2,875hrs at 1.3hrs per employee with the deck department accounting for 2,067hrs, the engine department for 213hrs, electrotech -73hrs, hotel - 374hrs and medical - 148hrs. Total professional training amounted to 8,184hrs (28hrs per employee) for the deck department, 1,320hrs (6hrs) for the engine department and 1,640hrs (11.9hrs) for electrotech and 1,400hrs (10.4hrs) for medical. (LA10) (fig.t)

In 2010, Carnival UK rolled out the "Supervisor Competency Training" programme to all existing ship-based supervisors designed to make them aware of their responsibilities for the health and safety of their team members and to provide them with the guidance skills and confidence to supervise crew safely onboard. All new Supervisors must pass this course prior to their first appointment in rank. This training was short-listed as a finalist in the "Training Initiative of the Year" at the annual 2010 IOSH (Institution of Occupational Safety and Health) awards.

"A Carnival UK Ethics Committee has been formed which is empowered to take a proactive approach to ethics within the Carnival UK business"



“Elev8 is a company-wide initiative to support the target of developing leadership and a customer-centred organisation.”

EXTERNAL TRAINING ON THE MENU

There are circumstances when external training is required. This process is managed by HR Development which will consider the business case and benefits with the department concerned before the requested training is approved. Requests vary from IT training (which cannot be accommodated in-house) to that for professional qualifications as well as for permission to attend at conferences.

During 2010, 32 requests were approved with the majority of them having come from the Finance Department which underwent a major restructuring which included new focus on staff acquiring professional qualifications such as from the Chartered Institute of Management Accountants (CIMA) and ACCA, the global body for professional accountants. HR staff trained for Chartered Institute of Professional Development (CIPD) qualifications while IT department requests were for External Software Training.

HR is also responsible for individual and team development sessions and for supporting shipside by providing leadership development for officers through a 360 degree feedback tool, coaching and individual development planning sessions.

ELev8 LEADS TO CUSTOMER-CENTRIC OPERATIONS

Elev8 is a company-wide initiative to support the target of developing leadership and a customer-centred organisation.

It aims to drive continuous improvement and develop a winning culture so that Carnival UK can achieve its vision of becoming “the most spectacularly successful cruise company in Britain”.

Between December 1, 2009 and November 30, 2010, 1,032 staff attended elev8 module courses. With these courses taking between five and 24 hours, this represented nearly 5,971 staff training hours.

THE MODULE COURSES INCLUDE:

Module 1

“Introducing elev8” (Shore) - a half day course for all P&O Cruises and Cunard Line staff within their first eight weeks with the company which introduces them to elev8 principles, highlights the company's vision and mission objectives and its adoption of a customer-centred culture. Any new shipboard staff unable to attend are required to attend a shorter version (30 minutes) once on board. There is also an Elev8 Ship Induction (also 30 minutes) for all P&O Cruises fleet officers.

Module 2

“Enabling leadership” - a two-day (16hrs) course for supervisors, middle managers and team leaders shoreside, which focuses on tools to help them become a more enabling leader and gives individuals an understanding of how to engage those in their team and also drive business priorities. There is a shipboard version for all P&O Cruises and Cunard officers which runs for eight 90-minute sessions (12hrs).

Module 3:

“Making Change Happen” - a three-day course, also for shoreside supervisors, middle managers and team leaders to learn effective coaching and feedback techniques, understand the impact their own leadership style has on their teams and to go away knowing how to enable those teams to make changes and work more effectively.

There is also Officer Appraisal Training for all P&O Cruises and Cunard crew. This comprises three sessions totalling 4.5hrs of learning how to set areas of job focus and identify development areas with officer behaviours. (LA10). This training was introduced in 2010 along with a new appraisal process for officers to include behavioural competencies for the first time. It also increased the frequency of the appraisals from annual to three times year, coinciding with the end of each tour of duty. (LA12)

All officers now meet with their line managers within the first seven days of their tour of duty to discuss their strengths, development areas and priorities for their tour of duty. They also meet informally midway through to discuss their progress and any further support they might need. Then, at the end of their tour of duty, they meet formally to discuss their overall performance both in relation to their set priorities and also to how they have gone about their work - ie. their behavioural competencies. Strengths and development areas are also discussed and the focus for the next tour of duty established.

“Cunard Line has an ongoing relationship with the Prince’s Trust which began at the naming ceremony for the Queen Victoria at the end of 2007.”



ANNUAL REVIEWS KEY PART OF COMPANY VISION

Carnival UK has set out the behaviours that its “leaders” and “people” need to adopt to ensure its vision for the company is achieved. This is part of the annual review process which ensures that individuals are actively praised, listened to and recognised for their contribution as well as being supported and challenged.

The process, which also measures and rates individual contribution, performance and effectiveness, was implemented for all shoreside staff in 2007 and, in 2009, 87% of them had a formal annual review (LA12) These took place in October/November. More reviews were carried out in October/November 2010 and, for those being reviewed, these included:

- * a discussion (with their managers) of individuals’ overall job performance over the past year and an agreed assessment (and rating) of that performance against the target behaviours.
- * a review of the goals set for 2010, a rating of how far those goals had been achieved and the setting up of agreed new goals for 2011. This rating was combined with that agreed for behaviours for an overall performance rating.
- * a discussion on career aspirations and what development an individual might require to achieve them.

As well as the formal annual review, there are informal discussions during the year which identify what support managers need to provide and also recognise and discuss the behaviour adopted by each individual to achieve their goals.

DRIVEN BY CUSTOMERS

Much of what Carnival UK does is driven by its passengers so it ensures a simple process is in place for them to communicate what they think and make suggestions as to how the company could improve its product and service levels.

The primary route is through the Customer Service Questionnaire (CSQ) which is delivered to every cabin towards the end of each cruise or voyage.

On this, passengers can rate the quality of all aspects of their cruise or voyage from the pre-cruise service through embarkation to the overall on board experience including service, cabin, food, bars, entertainment, shore excursions, retail outlets, ports of call and ancillary services.

About 70% of CSQs are completed, with individual comments as well as ratings to make them even more useful. Carnival UK uses this feedback to ensure product and service is constantly monitored and upgraded where necessary. The ambitious target is an overall enjoyment rating of 90%. In 2010, Cunard reached 87.8% and P&O Cruises 85.8%. (PR5)

TRUST CARNIVAL UK FOR ITS CORPORATE SOCIAL RESPONSIBILITY

Cunard Line has an ongoing relationship with the Prince’s Trust which began at the naming ceremony for the Queen Victoria at the end of 2007.

Fund-raising, for what is the UK’s leading charity for 14 to 30-year-olds, accelerated through 2010 thanks to a range of initiatives including the auctioning of the nautical charts on Queen Mary 2 transatlantic voyages.

But the relationship goes beyond fund-raising. The Carnival UK Human Resources Business Services department also takes part in the Trust’s Team programme. This is designed to help 16 to 25-year-olds improve their skills, presentation and attitudes in order to enhance their employment prospects.

The Team programme brings together a diverse mix of young people of widely ranging abilities, personal circumstances and backgrounds.



CHARITY BEGINS AT HOME BUT STRETCHES WORLDWIDE

The aim is to engage with young people through the Team, encouraging them to develop responsible attitudes and respond to an environment of discipline, routine and teamwork.

Staff from Carnival UK HR run mock interview sessions with the young people for a specified "position". They will then ask them to identify positive areas of their interview performance and also those where they think they can improve.

Afterwards, Carnival UK HR will provide detailed feedback on each individual which is then discussed with them at a later meeting.

At the end of each Team programme, there is a presentation ceremony to reward and recognise the individuals for their achievements, but the most important result is ensuring the young people are better prepared to gain employment or an educational place in their chosen field.

Beyond the Prince's Trust involvement, HR Business Services has also linked with the reservations department and training academy to organise work experience on a regular basis for travel and tourism students from a variety of colleges.

Up to eight students come in for a week and spend time in different departments. They complete a workbook and present their findings to staff and their college tutors.

This programme's target is to build up a stronger working relationship with the colleges and at the same time be better able to assess the potential of students for full-time employment at the end of their studies.

Carnival UK Guest Services also allows students from Plymouth University on board ships on turnaround days to learn how they function. The university has a degree course in cruise operations management and has been a source for Hotel Officer Cadets. Carnival UK has offered discounted rates on weekend cruises to course students and arranged meetings and interviews with key staff on board during their stay.

Carnival UK's corporate donations policy is to support charities which are local to its operations or have a connection to its business (including seafarer charities in the countries from which crew are sourced for the ships).

For example, following the donation of surplus medical equipment and supplies to The Good Shepherd Hospital in Swaziland in 2008 and 2009, the company decided in 2010 to operate a similar programme of help for a remote mission hospital in the Mountain Kingdom of Lesotho.

P&O Cruises also donated 160 single surplus mattresses to the Single Homeless Accommodation Project (SHAP) in Kirklees. Project Co-ordinator for SHAP's Think Smart - Recycle scheme Hana Nadat said: "Our clients are vulnerable people - some fleeing domestic violence - who have managed to find an unfurnished property to live in. We try to provide as much furniture free of charge to help them sustain their tenancies but we really struggle to get hold of beds and mattresses, especially in the current economic climate, so receiving these mattresses was fantastic."

P&O Cruises said: "This was a perfect opportunity to give back to the communities we serve by helping people in need." Surplus bed and other linen from Carnival UK ships has also been donated to SCRATCH (Southampton City and Region Action to Combat Hardship) which aims to relieve the effects of poverty for families and individuals.

The Economic

IMPACT

The European Cruise Council (ECC), of which Carnival UK Chief Executive Officer David Dingle was chairman between 2007 and 2010, is now producing annual economic impact studies detailing the benefits generated by the cruise industry across Europe.

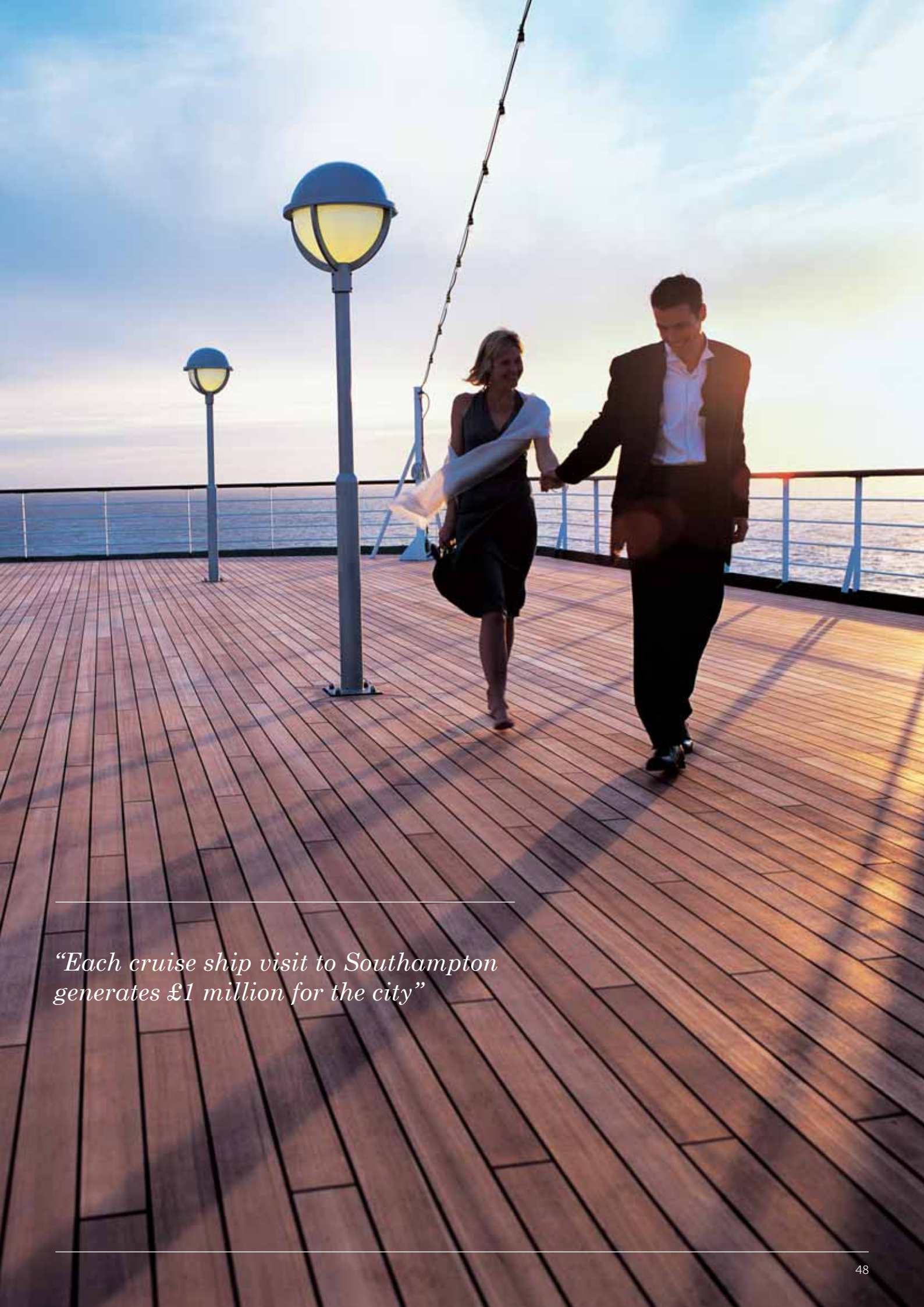
For 2009, it reported €14.1bn in direct spending by cruise lines and passengers. Overall, €34.1bn (up from €32.2bn in 2008) was generated by the industry, which also supported 296,288 jobs, paying €9bn in employee remuneration. This meant that, for the second consecutive year, the cruise industry created more fiscal benefits in Europe than it did in North America which has been - and remains - the largest source market for cruise passengers.

Within Europe, the UK overtook Germany to be the second (behind Italy) largest beneficiary of the Industry's direct spending, benefiting to the tune of €2.4bn (up from €2.3bn in 2008). It also has the second largest number of jobs - 55,599 (49,015) generated by the sector. This produces nearly €2bn in wages in 2010.

Italy's leading position is due to its cruise shipbuilding sector, an area of economic activity which also boosts Germany, France and Finland. The UK's strong performance is allied to its position as the largest European source market for cruise passengers.

Cruising's benefit stretches across the UK but ports (with their surrounding areas) such as Southampton clearly have an edge. A 2004 impact study carried out for Southampton showed a total annual benefit of more than £200m and 2,400 jobs. Each cruise ship visit to Southampton generates £1 million for the city

At the time, more than 88% of the passengers through the port were brought by Carnival UK ships, and the company employed more than 740 staff in the city and surrounding area. By 2010, the total number of cruise passengers through the port had nearly doubled and the Carnival UK share was still high at about three-quarters. Carnival UK's 4,000 vendor/suppliers are sourced globally but include many UK-based companies.



*“Each cruise ship visit to Southampton
generates £1 million for the city”*

GRI INDICATORS

EN3	Direct energy consumption by primary source (pg. 17, 20)	EN26	Initiatives to mitigate environmental impacts of products, services and extent of impact mitigation (pg. 13,16,18,20,28, 32)
EN4	Indirect energy consumption by primary source for this period is zero	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (pg. 19)
EN6	Technical no additional comments (energy efficiency previously declared in fuel saving)	HR4	Total number of incidents of discrimination and actions taken (pg. 37, 39)
EN5	Energy saved due to conservation and efficiency improvements (pg. 18, 22, 27, 29)	HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk and actions taken to support these rights (pg. 37, 39)
EN8	Total water withdrawal by source (pg. 22)	HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour (pg. 37, 39)
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas (pg. 15, 20, 28)	HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures taken to contribute to the elimination of forced or compulsory labour (pg. 39)
EN16	Total direct and indirect greenhouse gas emissions by weight (pg. 18)	LA1	Total workforce by employment type, employment contract and region (pg. 37, 39)
EN19	Emissions of ozone-depleting substances by weight (pg. 18)	LA2	Total number and rate of employee turnover by age group, gender and region (pg. 37, 39)
EN20	NOx, SOx and other significant air emissions by type and weight		
EN2	Total water discharge by quality and destination		
EN22	Total weight of waste by type and disposal method (pg. 20,29)		
EN23	Total number and volume of spills (pg. 19)		

“This sustainability report was compiled for Carnival UK in accordance with the G3 Guidelines of the Global Reporting Initiative (GRI). This index details the explanations for the Indicator numbers featured in the text of this report.”

<p>LA4 Percentage of employees covered by collective bargaining agreements (pg. 37, 39)</p> <p>LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements (pg. 37 & 39)</p> <p>LA6 Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes (pg. 37 & 39)</p> <p>LA7 Rates of injury, occupational diseases, lost days, absenteeism and total of work-related fatalities by region (pg. 37 & 39)</p> <p>LA9 Health and safety topics covered in formal agreements with trade unions (pg. 37, 39)</p> <p>LA10 Average hours of training per year per employee by employee category (pg. 42, 44)</p> <p>LA12 Percentage of employees receiving regular performance and career development review (pg. 44, 45)</p> <p>*PR1 Lifecycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and service categories subject to such procedures</p>	<p>PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction (pg. 45)</p> <p>PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data (pg. 42)</p> <p>SO1 Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting (pg. 15, 16)</p> <p>SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures (pg. 41)</p> <p>*SO5 Public policy positions and participation in public policy development and lobbying (pg. 13, 15, 17)</p> <p>SO8 Monetary value of significant fines and total number on non-monetary sanctions for non-compliance with laws and regulations</p> <p>*EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.</p>
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