

Our approach to UK tax

Carnival Corporation & plc operate over 90 cruise ships as a provider of vacations to all major cruise destinations. Carnival Corporation and Carnival plc operate a dual listed company, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as if they are a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Our business in the UK is operated by Carnival plc, a company incorporated in England and Wales.

We are committed to being a responsible global citizen. Our employees and advisers are expected to ensure conformity with all tax rules, regulations and guidelines in accordance with our Code of Business Conduct and Ethics.

The UK government introduced the tonnage tax regime in order to support shipping businesses in the UK. The regime is designed to encourage the growth of the UK maritime industry and is consistent with the EU's maritime policy. As a UK cruise business, Carnival plc qualifies for the UK tonnage tax regime. Tonnage tax is a form of corporation tax that requires us to determine the tax that we owe on our profits by reference to a profit based on the net tonnage (a measure of the volume) of our cruise ships.

In order to qualify for the UK tonnage tax regime, Carnival plc is required to make an economic contribution to the UK through the management of its cruise ships in the UK. Our economic contribution to the UK includes the employment of shore-based staff and UK resident seafarers and extends to our procurement of an array of goods and services from UK businesses that support our activities. We have invested substantially in our UK shipping business since entering UK tonnage tax in January 2002. The gross tonnage of Carnival plc's UK-based ships currently included in UK tonnage tax has more than quadrupled since entering tonnage tax. Our UK establishment at 30 November 2021 had more than doubled in that period to over 1,400 shore-based staff. Currently, the UK establishment stands at 1,800 staff. Additionally, more than 1,500 UK residents served on these tonnage tax ships as at 30 November 2021. We believe that through growing our UK business, Carnival plc has helped to support the UK government in making an economic success of the tonnage tax regime.

Carnival plc's non-shipping activities in the UK are subject to normal UK corporation tax. Carnival plc pays a number of other taxes in the UK, including employment taxes and indirect taxes. Taxes, fees and other charges, including port and passenger taxes are incurred in the UK and other countries where our ships call.

Our approach to tax risk management and governance and our tax risk tolerance

Our approach to UK tax is overseen by the Audit Committee of the Board of Directors. The Vice President, Global Tax is responsible for implementing our approach to tax. He/she and his/her team are responsible for ensuring that policies and procedures that support our approach are in place and that the tax group has the appropriate skills and experience required.

On a quarterly basis, the Vice President, Global Tax discusses tax developments with the Chief Corporate Controller. Tax developments include monitoring changes to tax law and assessing their impact, applying tax law which may be uncertain, and evaluating material tax risk. These developments are assessed and, as appropriate, reported to the Chief Financial Officer and the Audit Committee of the Board of Directors.

Our approach to tax risk and governance in the UK is outlined within our UK Tax Strategy and Risk Management Policy. This policy outlines how our employees should perform their tax responsibilities, setting out how they should engage with tax authorities and outlining which business transactions require the prior approval of senior tax management.

Carnival plc is subject to the Senior Accounting Officer rules which require us to maintain appropriate tax accounting systems, policies and procedures, including the effective management of tax risks.

We believe we take a low risk approach to UK tax matters. Where possible, we discuss uncertainties on the application of tax laws with HMRC with a view to reaching agreement.

How we engage with tax authorities

Carnival plc is committed to complying with tax laws in a responsible manner and to having open and constructive relationships with the UK tax authorities.

In appropriate circumstances, Carnival plc will seek to disclose to HMRC in real time, business developments and transactions prior to their completion. Also where feasible and by agreement, we look to provide HMRC with any information that will enable it to administer tax more efficiently.

Tax planning

Carnival plc will only enter into transactions which have a clear commercial rationale. We will not enter into transactions which are designed to generate tax advantages that are unintended by the relevant tax laws. Carnival plc is committed to only undertake transactions that we are prepared to disclose fully to HMRC. Carnival plc will engage outside tax advice when necessary, to understand the tax law and its implications.

This document is published in accordance with the requirements of Schedule 19, Finance Act 2016 and relates to the accounting period ended 30 November 2021.