Norwegian Cruise Line Holdings Ltd - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Norwegian Cruise Line Holdings Ltd. (“NCLH” and including its subsidiaries and brands, the “Company”) is a leading global cruise company which operates the Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises brands. As the innovator in global cruise travel, Norwegian Cruise Line (“Norwegian”) has been breaking the boundaries of traditional cruising for over 50 years. Oceania Cruises (“Oceania”) is the world’s leading culinary- and destination-focused cruise line. Regent Seven Seas Cruises (“Regent”) offers an unrivaled experience to luxury travelers.

As of December 31, 2020, we had 28 ships in our fleet and carried approximately 500 thousand guests before the global COVID-19 related suspension of cruise voyages in March 2020 (2.7 million guests carried in 2019). Our brands offer itineraries to more than 490 destinations worldwide. We launched one new vessel in 2020 and have nine additional ships scheduled for delivery through 2027.

When designing the new classes of vessels for each brand, energy efficiency is a key priority and significant investments have been made to optimize fuel consumption and reduce the impact on the environment. Broadly speaking, when a new Norwegian vessel is introduced to the fleet its energy efficiency investments result in a 1% decrease of annualized fuel consumption per capacity day for the entire tri-brand fleet. The smaller footprint of the upcoming newbuild vessels will also broaden deployment opportunities around the world.

Our terminal in the Port of Miami spans nearly 190,000 sq. ft with state-of-the-art technology to facilitate quick and efficient embarkation and disembarkation processes. Sustainability remains a vital component, as the terminal was constructed to Leadership in Energy and Environmental Design (LEED) Gold standards, ensuring sustainable construction aimed to reduce energy consumption, conserve water, improve indoor air quality, lower operating costs, and more. The terminal was completed in 2020.

Our Sail & Sustain global sustainability program reinforces our mission to provide exceptional vacation experiences while at the same time, driving a positive impact on society and the environment. Our belief that there is always more to do drives our commitment for continuous improvement and pushes our approximately 34,000 team members to find new and innovative ways to make a lasting impact.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Australia
Bahamas
Belize
Brazil
China
China, Hong Kong Special Administrative Region
Germany
India
Japan
New Zealand
Singapore
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-TO0.7/C-TS0.7

(C-TO0.7/C-TS0.7) For which transport modes will you be providing data?

Marine

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Climate change responsibility: In 2019, the Board of Directors (the "Board") recognized the need for additional oversight regarding climate-related matters and created a new Board-level committee, the Technology, Environmental, Safety and Security ("TESS") Committee, which oversees sustainability matters and policies (including those related to climate change) and reports to the Board. The TESS committee oversees climate-related issues. The purpose of the TESS Committee is to assist the Board of Directors in its oversight of the Company's policies and programs related to technology and innovation, environmental matters, safety and security. The responsibilities of the TESS committee include: • Oversee Company matters, initiatives, reporting and public communications related to corporate social responsibility and sustainability. • Oversee and periodically review the Company's policies regarding safety, security, environmental and climate-related matters. • Review with management significant risks related to technology, cybersecurity, data protection and privacy, safety, security, environmental and climate-related matters. Example of a climate-related decision made by the TESS Committee: The approval in 2020 to move forward with the development of an expanded annual sustainability report which encompassed all topics related to environmental, social and governance (ESG) and incorporated the Company's first Sustainability Accounting Standards Board (SASB) disclosure matrix.
Board-level committee	In 2020, the Audit Committee of the Board oversaw major risks to NCLH, including severe weather and climate-related events, through their oversight of our Enterprise Risk Management ("ERM") program. NCLH's VP & ERM, Internal Audit, facilitates the ERM process on behalf of the Audit Committee and management, including the ERM Steering Committee, to assess and appropriately manage major business risks. The VP, Internal Audit & ERM provides updates to the Audit Committee quarterly and the Audit Committee updates the entire Board as needed, but no less than annually. Example of a climate-related decision made by the Audit Committee: Through the most recent company risk assessment, begun in fall 2020, ESG was identified as one of the top ten risks. As defined in the risk assessment, ESG risks are the "inability to manage how real or perceived issues, including concerns about safety, quality, environmental sustainability, diversity, and other similar matters, may adversely affect our business and reputation." In 2021, the ESG Department will work with Internal Audit to produce a report outlining ESG risks to NCLH and how the department will address those risks. In addition, Internal Audit will continue to provide guidance on proper systems and controls for data reporting and evaluate processes and controls associated with data disclosed to the public including ESG data.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Setting performance objectives	<Not Applicable>	The TESS committee provides oversight of the ESG program and strategy and climate related issues. For example, the TESS Committee uses a KPI dashboard which serves as a means of monitoring current performance objectives and tracks NCLH's largest environmental impact areas such as greenhouse gas emissions. The Committee also approves future GHG emission reduction programs. The responsibilities of the TESS Committee include: •Overseeing Company matters, initiatives, reporting and public communications related to corporate social responsibility and sustainability. •Overseeing and periodically reviewing the Company's policies regarding safety, security, environmental and climate-related matters. •Provide oversight and feedback on the ESG strategy and department.
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans	<Not Applicable>	The Audit Committee of our Board oversaw major risks to NCLH, including severe weather conditions and events resulting from climate change, through their oversight of our ERM program. While it is ultimately the responsibility of NCLH's management team to ensure that risks, including climate-related risks like severe weather events, are being appropriately mitigated, through the ERM program, the Audit Committee is able to monitor management's actions related to these risks and assess whether these risks and any actions needed to mitigate these risks are appropriately considered in NCLH's strategies, risk management policies, business plans and annual budgets.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Assessing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (EVP of Vessel Operations; SVP Technical Operations; VP Marine HSEM (Health, Safety, Environmental and Medical))	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Annually
Other, please specify (Senior Vice President, ESG, Investor Relations & Corporate Communications)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Risks, including those related to climate change, are managed at multiple levels throughout the organization. Individuals and committees within management that specifically monitor climate-related issues include:

CEO & President

Description of the responsibilities: In order to ensure climate strategy is a key priority and integrated throughout the organization the CEO is directly involved in approval for climate-related initiatives and strategy development and has ultimate responsibility for climate change at NCLH. The CEO provides leadership on climate related risks and opportunities and has been a key decision maker in NCLH's decision to use the purchase of carbon offsets to help bridge the gap in decarbonization efforts.

Rationale: The CEO leads the Sail & Sustain Executive Leadership Council, which is comprised of senior level executives across the organization responsible for decision making, accountability and oversight of ESG initiatives, including climate change.

Other, please specify: Senior Vice President, ESG, Investor Relations & Corporate Communications

Description of the responsibilities: The SVP, ESG, Investor Relations & Corporate Communications is responsible for leading the environmental, social and governance (ESG) function at the Company while working collaboratively across all disciplines to ensure a 360 view of sustainability and social impact is considered starting from product innovation, supply chain to marketing and everything in between. The SVP is responsible for developing and executing strategy, targets and goals for company's global ESG efforts including its climate-related initiatives.

Rationale: The SVP of ESG, Investor Relations and Corporate Communications oversees NCLH's ESG program and strategy and reports to the Chief Financial Officer. The SVP of ESG, Investor Relations & Corporate Communications briefs the CEO and Executive Team on climate-related issues and provides updates at least quarterly to the TESS Committee and/or the full Board of Directors.

The EVP of Vessel Operations, SVP Technical Operations & VP Marine HSEM:

Description of the responsibilities: The EVP of Vessel Operations, SVP Technical Operations & VP Marine HSEM monitor climate-related issues by analyzing climate change risks and opportunities identified externally by our industry group (CLIA), the International Maritime Organization ("IMO"), government agencies, environmental NGOs, scientific data, and local news from various ports of call. We monitor risks associated with regulations that might change efficiency standards or fuel costs and opportunities that might create new business opportunities for sustainable product offerings. The EVP of Vessel Operations appoints the HSES Committee and serves as the Committee's Chairman. Through the appointment of the HSES Committee, the Company ensures a continuous commitment from all employees involved in Company activities that are within the scope of the Safety Management System ("SMS"). The HSES Committee is responsible for the correct implementation of the established standards for the safe operations of the ships, pollution prevention and security, and reports directly to the Company's Chief Executive Officer.

Rationale: The EVP of Vessel Operations, SVP Technical Operations & VP Marine HSEM are both supported by the Regulatory Compliance & Sustainability team and the Health Safety Environmental Security Committee ("HSES" Committee). The VP Marine HSEM reports to the SVP of Marine Operations, who reports to the EVP of Vessel Operations and is responsible for leading the development of sustainability goals, including climate change, reporting on progress annually to the HSES Committee, and to the Company's Chief Executive Officer and public through the annual Sail and Sustain report. Progress is reported on the objectives and targets from the ISO 14001. In 2020, the ISO 14001 topics included: chemical management, water consumption, recycling programs and waste mitigation, fuel and boiler fuel consumption, sustainable development, and health and safety. Fuel consumption is the organization's largest GHG impact area and this team is responsible for fuel procurement, fuel consumption and energy efficiency programs.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Other, please specify (Senior Vice President, ESG, Investor Relations & Corporate Communications)	Monetary reward	Behavior change related indicator	The SVP ESG, IR & Corporate Communications is responsible for creating a strategic plan for the ESG department, including climate-related initiatives each year. Execution on this plan contributes to annual performance reviews and compensation.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?
Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	
Medium-term	1	5	
Long-term	5	10	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

NCLH's Board recognizes that effective risk oversight is critical to the Company's long-term success. We consider any climate-related event that has an approximately $0.10 impact on earnings per share (EPS) a substantive financial impact.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Description: The scope of our risk management process includes the following each year: i. The VP of Internal Audit & ERM facilitates the ERM Steering Committee's analysis of, among other things, climate change risks and opportunities as part of the ERM function, which is integrated into multi-disciplinary company-wide risk management process at NCLH. The Steering Committee analyzes risks across the business (direct operations, upstream, and downstream), including those associated with climate change which could have a substantive financial or strategic impact. ii. Each year, after the top risks are identified, the VP of Internal Audit tracks management's progress towards mitigating the risks identified. iii. The VP of Internal Audit & ERM reports to the Audit Committee quarterly and also to the CFO and/or ERM Steering Committee as needed. The Audit Committee then reports to the entire Board quarterly. Through the ERM program, the Audit Committee is able to monitor management's actions related to these risks and assess whether these risks and any actions needed to mitigate these risks are appropriately considered in NCLH's strategies, risk management policies, business plans and annual budgets. Physical Risk Example: For example, the ERM process identified adverse incidents involving cruise ships as one of the top ten risks. This includes adverse incidents caused by natural disasters, unusual weather conditions (that may be climate related), and maritime events that may adversely affect our business, financial condition and results of operations. After the risk was identified, there was an assessment and management meeting with the ERM team and the EVP of Vessel Operations to: • understand NCLH's approach to addressing severe weather • identify what is being done to mitigate the risk associated with severe weather including success and failures understand how to address the risk moving forward While we manage these events that require immediate (short term) action, they help us plan/influence our strategy in the medium and long term. Transitional Risk Example: An example of a transitional risk included in the ERM process would be ship upgrades to take advantage of shore power. Regulations related to shore power installations can affect where our vessels are allowed to sail. In order to increase itinerary availability, the company may need to invest in retrofitting vessels with shore power infrastructure. NCLH continues to monitor the need to retrofit vessels with shore power infrastructure. This will allow the vessels to minimize use of fuel and emissions in port, while being powered from the local energy grid, which is less emissions intensive.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	NCLH actively manages applicable regulatory requirements, including climate-related regulatory requirements, within all flag and port state jurisdictions as part of our HSES Management System. Dedicated shipboard and shoreside personnel are responsible for overseeing compliance with these regulations. Additionally, regulatory risks are considered by the ERM Steering Committee each year. For example, this includes compliance with the International Maritime Organization regulations, that went into effect in January 2020, to reduce the sulphur oxide (SOx) emissions from ships by lowering the maximum sulfur content of fuel oil from 3.5% to below 0.5%, or install scrubbers to remove SOx.
Emerging regulation	Relevant, always included	The NCLH HSES Committee actively monitors emerging regulation of all types, including climate-related regulations, in concert with industry-wide efforts at the trade association level. Many possible regulatory actions regarding climate-related risks are in discussion around the world. For example, this would include international fuel regulations, country-level regulations and port-level regulations. Fuel and exhaust gas cleaning related emerging regulations are reviewed by our Finance team and reported quarterly. Additionally, emerging regulatory risks, including climate-related regulatory risks, are considered by the ERM Steering Committee each year.
Technology	Relevant, always included	We believe shipbuilding technology is the most relevant area of innovation capable of addressing climate-related risks. For example, all NCLH newbuilds are designed to meet the latest standards, which has already resulted in efficiency improvements. The latest standards are also a consideration during a ship's refurbishment. Additionally, technological risks are considered by the ERM Steering Committee each year.
Legal	Relevant, sometimes included	The NCLH legal department closely monitors legal concerns and regulations that NCLH may be subject to. For example, we are subject to various environmental laws and regulations that U.S., state and foreign government and regulatory agencies have enacted; including but not limited to IMO MARPOL Annexes I- VI (Emission Control Areas, Shipboard Energy Efficiency Management Plans, Data Collection System), EU Directive 2012/33/EU, EU Monitoring, Reporting and Verification Regulations, and Airborne Toxic Control Measure for Auxiliary Diesel Engines Operated on Ocean-Going Vessels At-Berth in a California Port Regulations Compliance with such laws and regulations may entail significant expenses for ship modification and changes in operating procedures and fines for violating such laws and regulations could be significant. No climate-related risks have been identified as high risks for legal exposure to date. Additionally, legal risks are considered during by the ERM Steering Committee each year.
Market	Relevant, always included	Climate-related risks are included in the corporate ERM process as part of the top ten risks, as well as included in the market risk review processes of the Presidents for the Norwegian, Oceania and Regent brands. Severe weather considerations including increased frequency and severity of storms associated with climate change are an important part of itinerary planning and the Presidents' market risk review. This includes an assessment of suitable climates for shore excursions and the availability of port destinations. Additionally, NCLH monitors changing customer behavior and increased desire for responsible cruising. For example, in conjunction with the City of Cannes, France, NCLH signed a Cruise Charter agreement, recognizing cruise operators that go above and beyond in environmental protection, which aims to promote environmental sustainability operations in the port of Cannes.
Reputation	Relevant, always included	Environmental issues related to the cruise industry are actively advocated by several environmental NGOs. For example, climate-related risks such as limiting SOX and NOx emissions and their effects on human health, terrestrial and aquatic environments are a part of this advocacy, and as such is actively monitored and considered in NCLH business decision making. Limiting visible air emissions in ports of call is also a driver for installation of shore power infrastructure. NCLH continues to monitor the need to retrofit vessels with shore power infrastructure. This will allow the vessels to minimize use of fuel and emissions in port, while being powered from the local energy grid.
Acute physical	Relevant, always included	Acute physical risk due to climate-related factors can be largely but not entirely managed due to the ability to move our assets (ships) in advance of severe weather events. This does not ameliorate real impacts on fixed assets or on our workforce, supply chain and customers. Hence, it is considered a priority risk within our ERM process and regularly considered as part of our business decision making process. For example: Our headquarters are in Miami, Florida and we have shoreside offices in locations throughout the world. We have also developed island destinations. Business continuity planning is in place for fixed locations such as our headquarters.
Chronic physical	Not evaluated	To be considered as a potential additional activity in future efforts.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Enhanced emissions-reporting obligations

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The U.S. and various state and foreign government and regulatory agencies have enacted or are considering new environmental regulations and policies aimed at reducing the threat of invasive species in ballast water, requiring the use of low-sulfur fuels, increasing fuel efficiency requirements and further restricting emissions, including those of greenhouse gases, and improving sewage and greywater-handling capabilities. Compliance with such laws and regulations may entail significant expenses for ship modification and changes in operating procedures which could adversely impact our operations as well as our competitors' operations.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
179000000

Explanation of financial impact figure
It is difficult to estimate future financial compliance impacts, as there are a range of possible future regulations which could, among other things, include limitations to the types of fuel we use, caps on CO2 emissions, or carbon taxes. Any of these future regulations may involve significant expense, including the cost of new equipment and technology. The potential financial impact figure includes $170,000,000 for scrubber technology + $9,000,000 for increased cold-ironing capabilities planned for three vessels.

Cost of response to risk
179000000

Description of response and explanation of cost calculation
Action: We currently monitor regulatory developments as part of our ERM process and through our Health Safety Environmental and Security Committee (HSES). Case Study: A small number of ports around the world have installed infrastructure for cruise ships to connect to the onshore electrical power grid to supply much of the power needed when the ship is docked. This is known as cold-ironing and out of the 460+ ports we visit, less than 1% are equipped with this technology. Several ports in California including the Ports of Los Angeles, San Diego, and San Francisco, require the use of shore power for certain cruise ships. Connecting to shore power at these ports allows access to grid power, which has a lower emissions factor as compared to burning heavy gas oil and residual fuel oil while the ships are docked. NCLH has increased cold ironing capabilities planned for three vessels. Cost: The cost figure includes $170,000,000 for all scrubber technology retrofitting + $9,000,000 for increased cold ironing capabilities planned for three vessels.

Comment
As part of the IMO Data Collection System (DCS) and EU Monitoring Reporting & Verification (MRV) regulation, our vessels are required to collect fuel use and emissions data on every voyage during the year. Each ship has a vessel-specific Monitoring Plan and completes a detailed voyage report. This data will allow us to closely track and monitor fuel efficiency for these ships. This data is then submitted to a Recognized Organization (RO) for verification and much of this data will be available through the various organizations. Voyage Route Optimization: There have been collaborative efforts made between Energy Conservation, Marine Operations, Port Operations & Itinerary planning, shore excursions, revenue management, marketing and one of our Captains, in order to identify areas for voyage optimization. NCLH plans to continue identifying high speed legs and identifying opportunities to lower required speeds, understanding that speed reduction directly correlates with fuel consumption and emissions.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Technology	Transitioning to lower emissions technology

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Our business continues to demand the use of sophisticated systems and technology. These systems and technologies must be refined, updated and replaced with more advanced systems on a regular basis in order for us to meet our customers' demands and expectations. If we are unable to do so on a timely basis or within reasonable cost parameters, or if we are unable to appropriately and timely train our employees to operate any of these new systems, our business could suffer. We also may not achieve the benefits that we anticipate from any new system or technology, such as fuel abatement technologies, and a failure to do so could result in higher than anticipated costs or could impair our operating results.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
8500000

Explanation of financial impact figure
While it is difficult to estimate future financial impacts, in prior years, we have made strategic investments in technology like hull coatings, LED light installations, energy efficiency software, and HVAC system optimization that total in excess of $8.5 million. Similar investments may be required in the future. To provide context, the effect on Adjusted EPS of a 1% change in Adjusted Net Cruise Cost Excluding Fuel per capacity day is approximately $0.12 annually for 2019.

Cost of response to risk
8500000

Description of response and explanation of cost calculation
Action: Taking steps to increase efficiency of ships is a standard part of each vessels' ongoing maintenance. All NCLH newbuilds are designed to meet the latest standards, which has already resulted in efficiency improvements. The latest standards are also a consideration when updating the current fleet. Case Study: Propulsion power represents just over 50% of the total energy use on a ship. NCLH addresses this by performing hull coating updates and propulsion upgrades (ex: Rolls Royce Promas Lite Propulsion) to increase propulsion efficiency performance. As a result, for example, one vessel can save approximately 20MTCO2e Cost: Included in the $8.5 million are hull coating updates HVAC and propulsion upgrades, in addition to other strategic investments in technology such as: LED light installations, waste heat recovery systems and HVAC system optimization and route optimization systems.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
The operation of cruise ships carries an inherent risk of loss caused by adverse weather conditions and maritime disasters, including, but not limited to, oil spills and other environmental mishaps, extreme weather conditions such as hurricanes, floods and typhoons, fire, mechanical failure, collisions, human error, war, terrorism, piracy, political action, civil unrest and insurrection in various countries and other circumstances or events. Any such event may result in loss of life or property, loss of revenue or increased costs.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
35000000

Explanation of financial impact figure
Figures provided are a reasonable estimate of the potential range of costs related to rerouting ships and other activities for significant extreme weather events. The financial impact from extreme weather events can vary greatly due to severity, number of severe weather impacts, itineraries impacted and length of impact.

Cost of response to risk
35000000

Description of response and explanation of cost calculation
Action: Severe weather events are actively managed by itinerary planning and vessel operations. The company makes strategic itinerary planning decisions to minimize adverse impact from severe weather. Case Study: Our most significant example is 2019, Hurricane Dorian impacted many areas in the Caribbean including The Bahamas. We had to modify several itineraries and cancel two voyages on ships including the Norwegian Breakaway, Norwegian Sun, Norwegian Sky and Seven Seas Navigator due to the storm and related port closures along the Eastern Seaboard. Cost: $35,000,000 roughly represents the annual cost of modifying and or cancelling itineraries due to severe weather, of which the majority was related to responding to Hurricane Dorian. This includes, for example, the costs associated with itinerary deviations and also cancellation of cruising, and loss of onboard revenue.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient modes of transport

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
As an organization, we have a global focus on fuel efficiency of our vessels because it is a cost driver, and also because it is our largest source of GHG emissions. Our efforts are focused on increased fuel efficiency of newbuilds and retrofitting and/or modifying our current fleet to increase efficiency. This opportunity is also driven by the EU monitoring, reporting and verification (MRV) regulation that was put in place to monitor the shipping industry's CO2 emissions.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
130000

Explanation of financial impact figure
Figure provided includes a reasonable estimate of the potential fuel savings associated with hull coating application associated with low friction paint on one vessel.

Cost to realize opportunity
600000

Strategy to realize opportunity and explanation of cost calculation
Action: Taking steps to increase efficiency of ships is a standard part of each vessels' ongoing maintenance. Opportunities to repaint ships with low friction paint during the dry dock process is a part of this process. One of the factors that determines if this new paint can be applied is the length of the vessel's dry dock. Example: Propulsion power represents just over 50% of the total energy use on a ship. The application process during dry dock includes a full blasting of the hull removing old paint and applying a new extra-low friction coating. Increased propulsion efficiency performance was noted immediately after the ship went back into operation. All NCLH newbuilds are designed to meet the latest standards, which has already resulted in efficiency improvements. The latest standards are also a consideration when updating the current fleet. Our ongoing investments in systems and technology have allowed us to reduce our kg CO2 per capacity day by approximately 25% from 2008 to 2019 for the Norwegian brand (17% at the NCLH level). While our kg CO2 per capacity day has increased from 2008 to 2020 for the Norwegian brand , this increase was driven by the suspension of cruise voyages due to the COVID-19 pandemic. Cost: The number provided under "Cost to Realize the Opportunity" is specifically based on the application of low friction paint and is based on the average cost of paint for one ship as well as the work required to apply the paint. The ROI is 1 ½ to 2 ½ years, depending on vessel, itinerary, and is affected by many other ship-specific factors.

Comment
In addition to the efficiency measures listed, as part of the IMO Data Collection System (DCS) and EU Monitoring Reporting & Verification (MRV) regulation, our vessels are required to collect fuel use and emissions data on every voyage during the year. Each ship has a vessel-specific Monitoring Plan and completes a detailed voyage report. This data will allow us to closely track and monitor fuel efficiency for these ships. This data is then submitted to a Recognized Organization (RO) for verification and much of this data will be available through the various organizations.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Other, please specify (Ability to visit a broader variety of ports.)

Company-specific description
While in port, our cruise ships continue to generate their own power, providing heat, air conditioning, lighting and hot water for guests and crew, similar to a hotel. A small number of ports around the world have installed infrastructure for cruise ships to connect to the onshore electrical power grid to supply much of the power needed when the ship is docked. This is known as Cold-Ironing and out of the nearly 500 ports we visit, less than 1% are equipped with this technology. Several ports in California including the Ports of Los Angeles, San Diego and San Francisco, require the use of shore power for certain cruise ships. Connecting to shore power at these ports allows access to grid power, which has a lower emissions factor as compared to burning heavy gas oil and residual fuel oil while the ships are docked. Norwegian Epic, Norwegian Jewel, Norwegian Star, Norwegian Joy, Norwegian Bliss, Norwegian Encore and Seven Seas Splendor are all equipped with cold-ironing capabilities. In addition, all newbuilds currently on order will have cold ironing capabilities, and we are in the process of retrofitting Oceania Cruises' Regatta and Insignia and Regent's Seven Seas Mariner, which are expected to be completed by the end of 2021.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The impact has not been quantified financially. Efforts are ongoing to establish a process to quantify this opportunity.

Cost to realize opportunity
3000000

Strategy to realize opportunity and explanation of cost calculation
Action: In addition to reducing emissions, increasing our fleet's capacity to utilize cold ironing allows us to have a more flexible fleet. The more ships we have that are equipped with shore power; the more opportunities we have for robust itineraries that include calls to ports that require shore power connections. Cast Study: We constantly review potential ports of call for each ship in our fleet as part of itinerary planning. Therefore, having a more flexible fleet supports both decreased emissions as well as increased service offerings to our customers. The cost of installation of cold-ironing technology is typically included in the build contract with the shipyard. We have begun to consider retrofitting certain ships. For example, we've considered retrofitting some Oceania and Regent Seven Seas vessels with this technology for a total cost of approximately $3 million per vessel. Cost: At this time, we are unable to decouple the cost of equipping ships with cold-ironing capability from other costs related to new ship construction. The cost of retrofitting a ship with this technology could vary significantly by ship, but a reasonable estimate based on ships currently being considered is approximately $3 million per ship.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of new technologies

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
As an organization, we have a global focus on fuel efficiency of our vessels because it is our largest source of GHG emissions and is a significant cost driver. One of the most successful programs implemented on our ships is Waste Heat Recovery (WHR). This process works by recovering heat from the engines and transferring it to freshwater piping – allowing us to utilize a free source of energy for improving water production, while also saving on fuel. This technology is in use on the majority of our ships and contributes to meeting our goal of a 10% reduction in boiler fuel consumption. As part of our EMS, we have a goal to decrease fleet-wide fuel consumption of boilers by 2%, annually, compared to 2016. This is an ongoing target with no specific end date. For 2020, the reduction is directly related to COVID19 impact and suspension of voyages. We are currently working to improve Waste Heat Recovery processes on certain ships and exploring options for installation onboard the Oceania R-Class vessels and the Norwegian Spirit and Norwegian Jade.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
0

Potential financial impact figure – maximum (currency)
500000

Explanation of financial impact figure
The Waste Heat Recovery (WHR) process works by recovering heat from the engines and transferring it to freshwater piping – allowing us to utilize a free source of energy for improving water production, while also saving on fuel. This technology is in use on the majority of our ships and contributes to meeting our goal of a 10% reduction in boiler fuel consumption. Cost: Investment cost for the WHR project is approximately $500,000 per ship.

Cost to realize opportunity
500000

Strategy to realize opportunity and explanation of cost calculation
Action: Taking steps to increase efficiency of ships is a standard part of each vessel's ongoing maintenance. Opportunities to institute WHR are analyzed on a per ship basis and instituted as allowed based on ROI, budget allocated to energy conservation and risk level. Cast Study: The Waste Heat Recovery (WHR) process works by recovering heat from the engines and transferring it to freshwater piping – allowing us to utilize a free source of energy for improving water production, while also saving on fuel. This technology is in use on the majority of our ships and contributes to meeting our goal of a 10% reduction in boiler fuel consumption. Cost: Investment cost for the WHR project is approximately $500,000 per ship.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	No, we do not intend to publish a low-carbon transition plan in the next two years	<Not Applicable>	In 2021, we announced the creation of a long-term climate action strategy and goal to reach carbon neutrality through reducing carbon intensity, identifying and investing in technology including exploring alternative fuels and implementing a voluntary carbon offset program. In addition to ongoing initiatives to reduce our emissions rate, we have committed to offset three million metric tons of carbon dioxide equivalent (MTCO2e) over a three-year period beginning in 2021 to help bridge the gap in decarbonization efforts until new technology becomes available. Our goal to reach carbon neutrality is based on Scope 1 emissions, which typically account for ~95% of our footprint.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?
No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.2b

(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

i. Why climate-related scenario analysis has not yet been used to inform your business strategy

NCLH currently considers climate risk as part of our overall Enterprise Risk Management (ERM) process but has not used climate-related scenario analysis to inform business strategy to date. The Audit Committee of our Board oversees major risks to NCLH, including severe weather conditions and events resulting from climate change, through their oversight of our ERM program. While it is ultimately the responsibility of NCLH's management team to ensure that risks, including climate-related risks like severe weather events, are being appropriately mitigated, through the ERM program, the Audit Committee is able to oversee management's actions related to these risks and assess whether these risks and any actions needed to mitigate these risks are appropriately considered in NCLH's business strategy, risk management policies, business plans and annual budgets.

NCLH's TESS Committee oversees sustainability matters and policies (including those related to climate change) and reports to the full Board. The TESS committee guides the NCLH ESG Department, which will develop and oversee our climate scenario analysis strategy and process. We anticipate using qualitative and/or quantitative analysis to inform our strategy in the next two years.

ii. How we plan to implement climate-related scenario analysis

Within the next two years, the Company plans to undertake carbon risk scenario planning that will focus on priority climate change risks. The first priority is transition risks from potential future policies that would create a cost of carbon which in turn would affect direct costs and pricing to customers. The second priority is physical risks from increased storm frequency and severity leading to business interruption in ship ports of call. We will evaluate the financial impact of the risks and determine which risks may have a financial impact, develop models to quantify the financial impact of the inherent risks, and mitigation strategies. The results of the scenario analysis will be integrated into our ESG strategy. We also plan to increase our transparency and align our climate-related disclosures according to the Task Force on Climate-related Financial Disclosures (TCFD) framework.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Description: To address adaptation to climate change, our headquarters and ships have contingency plans in place for extreme weather scenarios. Preparing for, and reacting to, extreme weather events is critical for our product and services we provide our customers. Weather events threaten certain ports and destinations (as reported in C2.3a Risk 3). Severe weather has at times had a substantive, temporary, impact on our products and services. Our itineraries are also constantly reviewed by fleet Captains and other shoreside team members to ensure we are minimizing fuel expense while still maintaining an appealing product. Time Horizon: 0-1 short term. Our strategy is evaluated and updated on an annual basis. Most substantial business decision to date: In 2019, Hurricane Dorian impacted many areas in the Caribbean including The Bahamas. We had to modify several itineraries and cancel two voyages on ships including the Norwegian Breakaway, Norwegian Sun, Norwegian Sky and Seven Seas Navigator due to the storm and related port closures along the Eastern Seaboard. As part of the crisis management process, Vessel Operations: i.) Identified what ports were far enough from the storm that had availability at their piers; ii.) Modified or cancelled ports to avoid the path of the storm; iii.)Determined options for bunkering fuel (as needed); and iv.) Worked with Passenger Services to address any impacts to guests.
Supply chain and/or value chain	Yes	Description: Our supply chain may be impacted as extreme weather may affect our vendors and providers if it prevents or delays the production or delivery of goods and/or if there are restrictions on fuel during extreme weather events that disrupt transportation. Time Horizon: Our strategy is evaluated and updated on an annual basis but the long-term time horizon is considered as well. Most substantial business decision to date: In 2019, Hurricane Dorian impacted many areas in the Caribbean including The Bahamas. We had to modify several itineraries and cancel two voyages on ships including the Norwegian Breakaway, Norwegian Sun, Norwegian Sky and Seven Seas Navigator due to the storm and related port closures along the Eastern Seaboard. Part of the response included determining options for bunkering fuel as needed.
Investment in R&D	Yes	Description: The U.S. and various state and foreign government and regulatory agencies have enacted or are considering new environmental regulations and policies aimed at reducing the threat of invasive species in ballast water, requiring the use of low-sulfur fuels, increasing fuel efficiency requirements and further restricting emissions, including those of greenhouse gases, and improving sewage and greywater-handling capabilities (as reported in C2.3a Risk 1). We have made R&D investments in our fleet to meet regulatory requirements and improve environmental-related efficiencies. Compliance with future laws and regulations may entail significant R&D investments and expenses for ship modification and newbuild construction. Time Horizon: Our strategy is evaluated and updated on an annual basis. Most substantial business decision: The investment in scrubber technology has been the most substantial R&D investment to date. Installations of scrubbers are to comply with the International Maritime Organization regulations that went into effect in January 2020, to reduce the sulphur oxide (SOx) emissions from ships by lowering the maximum sulfur content of fuel oil from 3.5% to below 0.5% or install scrubbers to remove SOx. As a result, during the voyage suspension due to COVID-19, we took the opportunity to accelerate exhaust cleaning gas systems (EGCS) installations on two vessels, which were originally scheduled to be installed in 2023. Once completed in summer 2021, 13 of our 17 Norwegian Cruise Line vessels will have scrubbers installed. Vessels across our fleet that do not have EGCS installed use compliant MGO.
Operations	Yes	Description: In addition to reducing emissions, increasing our fleet's capacity to utilize cold ironing allows us to have a more flexible fleet. As noted in opportunity two in C2.4a above, the more ships we have that are equipped with shore power, the more opportunities we have for robust itineraries that include calls to ports that require shore power connections. Therefore, having a more flexible fleet supports both decreased emissions as well as increased service offerings to our customers. Time Horizon: Our strategy is evaluated and updated on an annual basis. Most substantial business decision: In response to opportunities related to cold ironing, NCLH has made the determination to move forward with installing shore power capabilities for three vessels, Oceania Cruises' Regatta and Insignia and Regent's Seven Seas Mariner, which are expected to be completed by the end of 2021. In addition, all nine newbuilds currently on order through 2027 will also have cold-ironing capabilities. Connecting to shore power at these ports allows access to grid power, which has a lower emissions factor as compared to burning heavy gas oil and residual fuel oil while the ships are docked. NCLH has increased cold ironing capabilities planned for three vessels.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures	Case study: Climate-related impacts have influenced our financial planning in the case of several elements. Severe weather events, such as hurricanes, have caused us to modify our itineraries and in some cases, cancel scheduled cruises, which has at times had a substantive, temporary, impact on our revenues. To provide context, during 2019, severe weather had an approximately $0.15 impact on Adjusted EPS. Despite these incidents, we have not yet experienced a lasting material impact from climate change-related risks or opportunities to our revenues. However, as extreme weather events become more severe and/or frequent in the future, these climate-related events and effects could potentially have a growing impact. Our HSES Committee monitors developments regarding the frequency and severity of these extreme weather events. Also impacting our direct costs is a higher cost of fuel due to our compliance with new regulations that impose limits on the sulfur content of a ship's emissions. To reduce our energy consumption, CO2 emissions, and sulfur content, we've invested in capital expenditures such as waste heat recovery systems, low friction hull coatings, exhaust gas cleaning systems and upgrading to LED lighting systems for certain ships in our fleet. In addition, we've planned for additional capital investments including the installation of fuel flow meters to monitor fuel consumption levels on our Oceania and Regent ships. Time Horizon: Our financial planning related to revenues, direct costs, and capital allocation/expenditures as impacted by climate-related risks and opportunities occurs on a consistent basis, i.e. on a quarterly and annual basis. For capital allocations/expenditures, planning extends out towards the medium-term (1-5 years).

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

i. INFLUENCE ON BUSINESS STRATEGY

Our global sustainability program, Sail & Sustain, is centered around our commitment to drive a positive impact on society and the environment while delivering on our vision to be the vacation of choice for everyone around the world. We visit nearly 500 destinations globally, allowing our guests to travel and explore the world, and our business is inextricably linked to the preservation of our planet and the protection of our shared resources. As part of the Sail & Sustain program, we have a long-term climate action strategy with a goal to reach carbon neutrality through reducing carbon intensity, investing in technology including exploring alternative fuels and implementing a voluntary carbon offset program. We comply with applicable regulations, quantify and report our greenhouse gas emissions (GHG) and continuously seek new cost-effective ways to reduce or minimize our carbon footprint.

We also make significant investments to ensure our newbuilds are equipped with new and enhanced technology to reduce emissions, optimize fuel consumption and maximize energy efficiencies. Broadly speaking, when a new Norwegian Cruise Line vessel is introduced to the fleet, its energy efficiency investments result in an approximately 1% decrease in annualized fuel consumption per capacity day for the entire 28-ship fleet.

In addition to addressing climate change issues through the Sail & Sustain program, the process by which we measure, monitor and set targets for decreasing fuel use and increasing the efficiency of our fleet is integrated into our business strategy. Efficient use of fuel is the responsibility of our Vessel Operations Team and we have monitoring procedures in place that allow us to track and monitor fuel use on each ship, enabling decision making around increasing fuel efficiency.

As an example of response to evolving consumer interests, Oceania Cruises and Regent Seven Seas Cruises unveiled the most extensive and creative plant-based menus at sea. Remaining at the forefront of culinary development, the cruise lines will feature more than 200 new menu selections. In addition to the current gourmet offerings, plant-based choices will be available at breakfast, lunch, and dinner and guests will also have plant-based options available upon request during dinner service in each of the specialty restaurants.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

No target

C4.1c

(C4.1c) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years	Forecast of how emissions will change over the next five years: We expect our absolute emissions to increase over the next 10 years, due to the introduction of 9 vessels which will operate using marine diesel or fuel oil. Specifically, within the next five years, we expect emissions from vessels to grow by approximately 35%. This projection is based on current emission factors for HFO and MGO and estimated fuel consumption between 2019 and 2025. However, we expect our emissions rate (based on Passenger Capacity Day/ Distance traveled) to continue to be reduced, driven by our strong focus on ensuring our newbuilds are more energy and fuel efficient and our continued investments in energy efficient upgrades to our legacy vessels during the refurbishment process.	Emission target explanation: In lieu of a company target, as part of our membership with the industry organization, Cruise Lines International Association (CLIA), NCLH signed on to support the industry in reducing aggregate industry carbon emissions globally by 40% by 2030 on a per passenger basis. Progress toward the 40% target will be measured against a 2008 fleet baseline, and emissions rates will be calculated based on the industry fleet's total carbon emissions, total ship berths and total distance traveled. CLIA plans to report annually on the industry's progress toward the commitment. From 2008 to 2019, based on vessel CO2 emissions, NCLH has achieved an estimated 22% decrease in MTCO2 per ALB-km. Data for 2020 is not representative given that global suspension of cruise voyages beginning in March 2020 due to the COVID-19 pandemic. In addition to the CLIA goal, NCLH is purchasing of high-quality carbon offsets to address vessel fuel use starting in 2021 and has committed to offset at least three million metric tons of carbon dioxide equivalent (MTCO2e) over a three-year period. The Company is current evaluating and plans to introduce a company-specific emissions reduction target in the next two years.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2017

Target coverage

Site/facility

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	Other, please specify (Metric ton of fuel)

Target denominator (intensity targets only)
Other, please specify (day)

Base year
2016

Figure or percentage in base year
3.88

Target year
2020

Figure or percentage in target year
1.57

Figure or percentage in reporting year
1.57

% of target achieved [auto-calculated]
100

Target status in reporting year
Achieved

Is this target part of an emissions target?
This initiative is part of our ISO 14001 EMS.

Is this target part of an overarching initiative?
Other, please specify (Our Sail and Sustain Program)

Please explain (including target coverage)
As part of our EMS, we have a goal to decrease fleet-wide fuel consumption of boilers by 2%, annually, compared to 2016. This is an ongoing target with no specific end date. For 2020, the reduction is directly related to COVID19 impact and suspension of voyages.

Target reference number
Oth 2

Year target was set
2018

Target coverage
Site/facility

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Other, please specify	Other, please specify (Water; Liters)

Target denominator (intensity targets only)
Other, please specify (Per person per day)

Base year
2018

Figure or percentage in base year
264.6

Target year
2021

Figure or percentage in target year
254.02

Figure or percentage in reporting year
368.7

% of target achieved [auto-calculated]
-983.931947069942

Target status in reporting year
Replaced

Is this target part of an emissions target?
This initiative is part of our ISO 14001 EMS.

Is this target part of an overarching initiative?
Other, please specify (Our Sail and Sustain Program)

Please explain (including target coverage)

This is the Company's new water target. Decrease water consumption by 4% over 3 years, as compared to 2018. The increase is a direct correlation to the suspension of voyages due to COVID19 and no passengers onboard for the majority of the reporting year, while still using water for the essential systems onboard.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	0
To be implemented*	4	2726
Implementation commenced*	1	643
Implemented*	2	44
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
23.29

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
3950

Investment required (unit currency – as specified in C0.4)
432000

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
20.78

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
3525

Investment required (unit currency – as specified in C0.4)
1435877

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	NCLH is subject to various United States and international laws and regulations relating to environmental protection for which we develop a dedicated budget. For example, one innovative technology our ships use to decrease exhaust emissions is an Exhaust Gas Cleaning System (EGCS). This technology reduces the amount of sulfur oxide (SOx) and particulate matter emitted from the ship by cleaning, or scrubbing, the emissions before they are released from the stack. Ships equipped with this technology are able to reduce SOx emissions by up to 98 percent. As of January 1, 2020, ninety-one percent of systems installed on our ships can operate in open or closed-loop, which is known as a hybrid system. This allows the ships to operate the systems within compliance in expanded areas of the world.
Dedicated budget for other emissions reduction activities	As part of our budget planning process, we allocate budget for upgrades to our ships that contribute to increased fuel efficiency and decreased emissions, such as: waste-heat recovery programs, LED lighting upgrades, new hull coatings, cold ironing capabilities and HVAC system optimization. In addition, we have committed to offset at least three million metric tons of carbon dioxide equivalent (MTCO2e) over a three-year period beginning in 2021 to help bridge the gap in its decarbonization efforts until new technology becomes available.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2017

Base year end
December 31 2017

Base year emissions (metric tons CO2e)
2504436.352

Comment
The base year figures have been revised to account for a correction in the footprint of butane and of R-513a, in line with the 2019 inventory.

Scope 2 (location-based)

Base year start
January 1 2017

Base year end
December 31 2017

Base year emissions (metric tons CO2e)
4694.778

Comment
The base year figures have been revised to use regional Australian electricity factors instead of national factors, in line with the 2019 inventory calculation.

Scope 2 (market-based)

Base year start
January 1 2017

Base year end
December 31 2017

Base year emissions (metric tons CO2e)
5072.545

Comment
The base year figures have been revised to use regional Australian electricity factors instead of national factors, in line with the 2019 inventory calculation.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
1442306.11

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
3600.68

Scope 2, market-based (if applicable)
3931.16

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Fugitive releases of SF6 gas from shipboard circuit breakers

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

Source
Releases of CO2 fire suppression systems onboard ships

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

Source
Fugitive releases of CH4 gas from shipboard marine sanitation devices or wastewater treatment plants

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

Source
Combustion emissions from burning waste in shipboard incinerators

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

Source
Onboard emergency generator

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

Source
Refrigerant leakages from shoreside refrigeration, air conditioning in offices, and vehicles

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

Source
Executive car allowance

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

Source
Leased vehicles in other regions

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
Considered de minimis

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Capital goods

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Upstream transportation and distribution

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Waste generated in operations

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Business travel

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1287.2

Emissions calculation methodology
Commuting emissions are estimated for shoreside employees only, and ship crews do not commute and their flights from home to ports and hotels fall under business travel. Total commuting distances by mode are estimated from employee numbers, average commuting distances, and mode of transportation by geography. Average US commute distances and modes are derived from the 2017 National Household Travel Survey and used for all employees located in North and South America; average UK commute distances and modes are derived from the UK Department for Transport Statistics, National Travel Survey, 2011/12, and applied to all other employees. The frequency of commute trips is based on the employee status as full-time or part-time worker. This is then aggregated into the total distance by mode travelled by all employees during the year. Emission factors by mode from US EPA 2020 are used to calculate the total footprint from employee commute.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Upstream leased assets

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Downstream transportation and distribution

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not currently calculate this category, but may do so in the future.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not sell any product that require further processing.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not sell any product that generate downstream emissions. Emissions generated during the cruise trips we sell are under our direct control and fall under our scope 1 and 2 emissions.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not sell any product that need to be disposed of. Waste generated by passengers on our cruise ships fall under category 5 ‘waste generated in operations’.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Emissions generated during the operation of vessels we charter to third parties are classified under scope 1 under the consolidation approach selected to define our boundaries, as per the GHG Protocol guidance. We have not identified any source of emissions that would be classified under downstream leased assets.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This category of emissions is not relevant to our operations as NCLH does not have franchises.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We do not have any investments that are relevant to Scope 3 emissions reporting.

Other (upstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
1.13

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
1446237.27

Metric denominator
unit total revenue

Metric denominator: Unit total
1279908

Scope 2 figure used
Market-based

% change from previous year
999

Direction of change
Increased

Reason for change
The effects of the COVID-19 pandemic reduced total revenue resulting in a smaller denominator in intensity calculations and therefore a higher intensity. While scope 1 and 2 emissions decreased due to the pandemic, the decrease was at a disproportionate rate compared to revenue, resulting in a 271043% increase in emissions intensity per revenue. The percent change is out of the range that can be entered into the percent change from previous year cell above, therefore 999 was entered instead.

Intensity figure
0.35

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
1446237.27

Metric denominator
Other, please specify (PCD (Passenger Cabin Day))

Metric denominator: Unit total
4176301

Scope 2 figure used
Market-based

% change from previous year
150.62

Direction of change
Increased

Reason for change
The effects of the COVID-19 pandemic reduced Passenger Cabin Days (PCD) resulting in a smaller denominator in intensity calculations and therefore a higher intensity. While scope 1 and 2 emissions decreased due to the pandemic, it was at a disproportionate rate compared to PCD.

C-TS6.15

(C-TS6.15) What are your primary intensity (activity-based) metrics that are appropriate to your emissions from transport activities in Scope 1, 2, and 3?

Marine

Scopes used for calculation of intensities
Report just Scope 1

Intensity figure
0.000395

Metric numerator: emissions in metric tons CO2e
1438280.79

Metric denominator: unit
p.km

Metric denominator: unit total
3659549870

% change from previous year
38

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
Please note that the denominator is ALB-Km (this unit is unique for cruise ships). ALB refers to available lower berth: guest beds available on a cruise ship, assuming two people occupy each cabin. This calculation includes Scope 1 emissions from vessel fuel and refrigerant leaks. While scope 1 and 2 emissions decreased due to the pandemic, it was at a disproportionate rate compared to ALB-km. This led to an overall increase in this intensity ratio.

ALL

Scopes used for calculation of intensities
Report just Scope 1

Intensity figure
0.000395

Metric numerator: emissions in metric tons CO2e
1438280.79

Metric denominator: unit
p.km

Metric denominator: unit total
3659549870

% change from previous year
38

Please explain any exclusions in your coverage of transport emissions in selected category, and reasons for change in emissions intensity.
Please note that the denominator is ALB-Km (this unit is unique for cruise ships). ALB refers to available lower berth: guest beds available on a cruise ship, assuming two people occupy each cabin. This calculation includes Scope 1 emissions from vessel fuel and refrigerant leaks. While scope 1 and 2 emissions decreased due to the pandemic, it was at a disproportionate rate compared to ALB-km. This led to an overall increase in this intensity ratio.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	1405778.14	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	1565.61	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	2966.71	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	31995.65	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Other, please specify (International Waters)	1438280.79
Bahamas	3533.32
Belize	487.79
United States of America	4.21

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary Emissions	2903.45
Mobile Emissions	1407407.01
Fugitive Emissions	31995.65

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	1406285	<Not Applicable>	Vessel emissions

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United States of America	3464.68	3760.08	10018.83	0
United Kingdom of Great Britain and Northern Ireland	28.26	43.31	124.65	0
China, Hong Kong Special Administrative Region	13.55	13.55	18.36	0
Australia	0	0	52.79	0
Germany	35.54	55.57	91.18	0
China	55.65	55.65	90.38	0
Brazil	1	1	10	0
New Zealand	0.14	0.14	1.3	0
India	0.27	0.27	0.36	0
Singapore	0.23	0.23	0.59	0
Japan	1.35	1.35	2.7	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

By activity

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Miami	2468.02	2674.72
Mesa	200.2	214.23
Omaha	28.54	33.29
Sawgrass	213.95	231.87
Sawgrass - additional office	9.15	9.92
Ashville	0.91	1
Southampton (2nd floor) - East & West Wing	28.26	43.31
Hong Kong (22nd Floor) office	13.55	13.55
Sydney (7th Floor)	0	0
Sydney (12th Floor)	0	0
Wiesbaden (2nd & 3rd Floors)	35.54	55.57
Shanghai -WFOE (29th Floor) 2901	41.29	41.29
Shanghai -WFOE (29th Floor) Room 2902	13.7	13.7
Sao Paolo - 10th floor	1	1
Sao Paolo - 2nd floor	0	0
Auckland New Zealand (1st Floor)	0.14	0.14
Beijing (14th Floor)	0.66	0.66
Mumbai (8th Floor)	0.27	0.27
Singapore (30th Floor)	0.23	0.23
Tokyo (7th Floor)	1.35	1.35
JOY - Port of LA	273.88	299.63
JOY - San Francisco	0	0
BLISS - Port of LA	0	0
JEWEL - Port of LA	270.03	295.42
JEWEL - Cochran Marine	0	0
STAR - Port of LA	196.13	289.49
Tokyo (2nd Floor)	0	0
Shanghai - SH RO (25th Floor)	0	0

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Office	3056.78	3336.1
Cold ironing (shore-to-ship power)	543.91	595.06

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (midstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	543.91	595.06	

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	No change.
Other emissions reduction activities	44.07	Decreased	0.0016	These emission reductions are the result of NAUTICA hull coating application and Promas Lite Propulsion upgrades. Both of these initiatives reduce fuel usage. Calculation: MT CO2e per metric ton MGO (3.216449) * Projected fuel savings from each initiative in metric tons (7.24+6.46) = 44.07 MT CO2e. Therefore, Emission reductions from implemented initiatives (44.07) / FY19 Emissions (2,692,950.58) * 100 = 0.00164%
Divestment	0	No change	0	No change.
Acquisitions	0	No change	0	No change.
Mergers	0	No change	0	No change.
Change in output	1246669.24	Decreased	46	Cruising did not occur for much of 2020 due to the COVID-19 pandemic. The reduction in cruise activity reduced fuel usage, which accounted for roughly 1,220,000 MT CO2e of reduced emissions. Lower fugitive emissions and emissions from purchased energy due to less cruising were the other main contributors to reduced GHG emissions in 2020. Calculation: FY19 total emissions (2,692,950) - FY20 total emissions (1,446,237) - Implemented emission reduction initiatives (44.07) = Emission reductions due to change in output (1,246,669 MT CO2e). Therefore (Emission reductions due to change in output/FY19 total emissions) * 100 = 46%. Or (1,246,669.24/2,692,950.58)*100 = 46%
Change in methodology	0	No change	0	No change.
Change in boundary	0	No change	0	No change.
Change in physical operating conditions	0	No change	0	No change.
Unidentified		<Not Applicable>		No change.
Other		<Not Applicable>		No change.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 15% but less than or equal to 20%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	5179279.69	5179279.69
Consumption of purchased or acquired electricity	<Not Applicable>	0	10411.13	10411.13
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	5189690.82	5189690.82

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Motor Gasoline

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1294.44

MWh fuel consumed for self-generation of electricity
2.22

MWh fuel consumed for self-generation of heat
1292.22

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
8.78

Unit
kg CO2 per gallon

Emissions factor source
EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 9, 2018

Comment

Fuels (excluding feedstocks)

Diesel

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
13442.37

MWh fuel consumed for self-generation of electricity
12735.6

MWh fuel consumed for self-generation of heat
706.77

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
10.21

Unit
kg CO2 per gallon

Emissions factor source
EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 9, 2018

Comment

Fuels (excluding feedstocks)
Marine Gas Oil

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
3438879.61

MWh fuel consumed for self-generation of electricity
3438879.61

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
3206

Unit
kg CO2e per metric ton

Emissions factor source
CO2 emissions from IMO MEPC 63/23 Annex 8 - Resolution MEPC.212(63); CH4 and N2O emissions from IPCC 2006 - Table 2.2 Default Emission Factors For Stationary Combustion in the Energy Industries

Comment
Heavy Gas Oil is used on board ships for propulsion and electricity generation. The split between heat and electricity is not available, so we have entered the full value under 'electricity'.

Fuels (excluding feedstocks)
Residual Fuel Oil

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
1725282.45

MWh fuel consumed for self-generation of electricity
1725282.45

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
3114

Unit
kg CO2e per metric ton

Emissions factor source
CO2 emissions from IMO MEPC 63/23 Annex 8 - Resolution MEPC.212(63); CH4 and N2O emissions from IPCC 2006 - Table 2.2 Default Emission Factors For Stationary Combustion in the Energy Industries

Comment
Residual Fuel Oil is used on board ships for propulsion and electricity generation. The split between heat and electricity is not available, so we have entered the full value under 'electricity'.

Fuels (excluding feedstocks)
Butane

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
380.82

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
380.82

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
6.67

Unit
kg CO2e per gallon

Emissions factor source
EPA, "Emission Factors for Greenhouse Gas Inventories," Table 1 Stationary Combustion Emission Factors, March 9, 2018

Comment
Butane is used for the operation of equipment.

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	3150.18	3150.18	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method
None (no purchases of low-carbon electricity, heat, steam or cooling)

Low-carbon technology type
<Not Applicable>

Country/area of consumption of low-carbon electricity, heat, steam or cooling
<Not Applicable>

MWh consumed accounted for at a zero emission factor
<Not Applicable>

Comment

C-TS8.5

(C-TS8.5) Provide any efficiency metrics that are appropriate for your organization's transport products and/or services.

Activity
Marine

Metric figure
0.000395195

Metric numerator
Other, please specify (MTCO2e - Scopes 1 and 2)

Metric denominator
Other, please specify (ALB/km)

Metric numerator: Unit total
1446237

Metric denominator: Unit total
3659549870

% change from last year
37.63

Please explain
The denominator units are ALB/km. ALB/km refers to the number of lower berths (double occupancy) on a ship times the number of days that those berths are available to passengers per year times distance sailed. While scope 1 and 2 emissions decreased due to the pandemic, it was at a disproportionate rate compared to ALB/km.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C-TO9.3/C-TS9.3

(C-TO9.3/C-TS9.3) Provide tracking metrics for the implementation of low-carbon transport technology over the reporting year.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	No	

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
NCL_GHG Verification Assurance_Statement_07.15.2021.pdf

Page/ section reference
pg. 2 Section: Data Verified

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
NCL_GHG Verification Assurance_Statement_07.15.2021.pdf

Page/ section reference
pg. 2 Section: Data Verified

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
NCL_GHG Verification Assurance_Statement_07.15.2021.pdf

Page/ section reference
pg. 2 Section: Data Verified

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Employee commuting

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
NCL_GHG Verification Assurance_Statement_07.15.2021.pdf

Page/section reference
pg. 2 Section: Data Verified

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1)	ISO 14064-3: 2006: Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions	Limited assurance on year over year change in Scope 1 emissions (2019-2020) -46% NCL_GHG Verification Assurance_Statement_06.09.2021.pdf

NCL_GHG Verification Assurance_Statement_07.15.2021.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
0.1

% total procurement spend (direct and indirect)
37

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
Our strategy was to reach out to our Top 20 suppliers based on spend in 2020 as well as other key critical suppliers and understand their carbon information. Although our Top 20 suppliers are only 0.1% of our total global suppliers by number, they make up 37% of our total procurement spend.

Impact of engagement, including measures of success
Before starting the engagement, we determined that we would pilot the data collection program with our Top 20 suppliers, therefore, success was measured by collecting carbon emission data from our Top 20 suppliers by spend. We were successful in collecting this information. Strategies moving forward will capture this information when on-boarding suppliers as well as during quarterly business reviews.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement
We engage 100% of our customers through our Sail & Sustain global sustainability program, which reinforces our mission to provide exceptional vacation experiences while at the same time, driving a positive impact on society and the environment. Information on the program is available on each brands website, as well as our corporate website, and information is featured prominently on shipboard TV channels and excursions, such as behind the scenes tours. We also feature Sail & Sustain initiatives on our social media channels and in our annual ESG Reporting. Impact of engagement, including measures of success. Our hope is to help our guests experience the natural world while being reminded of how interconnected they are with the environment surrounding them. Success is measured through customer feedback, which is received during behind the scenes tours and through various opportunities to communicate with the environmental team. Success is also measured by our customers' continued appetite for new forms of engagement, including: support for our Skip the Straw campaign, participation in behind the scenes tours with our Environmental Teams on board our ships, participation in annual conservation cruises with Guy Harvey on the Norwegian brand, cooperation with water conservation, support for plant-based menu offerings and interactions regarding environmental topics via our social media channels.

Impact of engagement, including measures of success
Our hope is to help our guests experience the natural world while being reminded of how interconnected they are with the environment surrounding them. Success is measured through customer feedback, which is received during behind the scenes tours and through various opportunities to communicate with the environmental team. Success is also measured by our customers' continued appetite for new forms of engagement, including: support for our Skip the Straw campaign, participation in behind the scenes tours with our Environmental Teams on board our ships, participation in annual conservation cruises with Guy Harvey on the Norwegian brand, cooperation with water conservation, support for plant-based menu offerings and interactions regarding environmental topics via our social media channels.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

In alignment with our core values, we are committed to supporting the communities and environments in which we operate. To do so, we have formed important partnerships with governments and non-profit organizations to foster positive change both within the U.S. and abroad.

We collaborate with local partners when developing port destinations and consider sustainability and compliance with local environmental regulations as part of the planning and development process. For example, as part of our operations in Belize, we worked with the Department of the Environment in Belize and developed and adhered to an Environmental Compliance Plan that includes a climate threat assessment among other things. We also collaborate with the Forestry Department in Belize. Our Supply Chain Management Team also sources perishable goods and local products from the ports we visit to build goodwill with the local communities, immerse our guests in local culture, and reduce emissions related to shipping our supplies.

In 2019, NCLH became the first cruise line to sign a Cruise Charter created by the Municipality of Cannes together with the CCI Nice Côte d'Azur to promote sustainable cruise operations in the port of Cannes. The Cruise Charter is based on four criteria designed to promote sustainable cruise operations in the port of Cannes: reduction of air emissions, reduction of pollution at sea, protection of biodiversity and the implementation of a global environmental approach (e.g., give priority to "clean buses" with lower CO2 emissions for tours when possible).

After Hurricane Dorian caused extensive damage to the Bahamas in September 2019, our Company was quick to respond to the crisis by providing both supplies and funds to assist the victims of the natural disaster. We committed $2 million to All Hands and Hearts to help fund their ongoing response efforts. Norwegian Breakaway departed from Miami on September 9th with hurricane relief supplies donated by our employees, in addition to items collected by the City of Miami, Baptist Health South Florida, the 305 Gives Back foundation, and other organizations, which were delivered to Nassau and to Great Stirrup Cay. We also continued to transport supplies to the Bahamas each week on Norwegian Sky and Norwegian Sun to support shelters in Nassau for Abaco evacuees.

Our private island Great Stirrup Cay (GSC) is bordered by a coral reef, which is a critical marine ecosystem that is among the most diverse and productive ecosystems on the planet. Unfortunately, a 2017 habitat assessment by the Bahamas National Trust found coral reefs in this area were severely degraded due to a combination of natural and anthropogenic stressors. To help reverse this decline, we partnered with the Perry Institute of Marine Science and the Coral Reef Restoration Assessment and Monitoring (CCRAM) Lab at Nova Southeastern University's (NSU) Oceanographic Center. Researchers from NSU established three in-water Acropora coral nurseries around the island using fragments collected from wild colonies throughout the Berry Islands and Nassau area. Two Acropora coral species (staghorn and elkhorn) and their hybrid (fused staghorn) are currently being grown in the nurseries. Researchers have been monitoring monthly the growth and health of the corals to better understand them and improve restoration techniques. Once the fragments grow large enough, they will be transplanted to the local reef.

In 2019, Oceania Cruises and Regent Seven Seas Cruises announced the elimination of plastic water bottles onboard vessels by partnering with Vero Water. The vessels will be outfitted with Vero Water's acclaimed still and sparkling water distillation systems, allowing them to produce and bottle onboard. Norwegian Cruise Line also announced a partnership with JUST® Goods, Inc., to replace all single-use plastic water bottles across its fleet starting January 1, 2020. JUST Goods focuses on an impact model, taking into consideration both how the water is sourced and packaged. JUST is 100% spring water in a plant-based carton. The carton is made of 82% renewable materials – the paper carton is made from trees grown in responsibly-managed forests and the cap and shoulder are made from a sugarcane-based plastic. It is refillable and recyclable. JUST has a global presence with bottling facilities in Glenn Falls, NY; Ballymena, Northern Ireland; and Ballarat, Australia, thus allowing the company to meet demand around the world without shipping water from a single production source. JUST takes care to use the most efficient shipping options available.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations

Funding research organizations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
Cruise Lines International Association

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Cruise Lines International Association (CLIA) is committed to supporting policies and practices that foster a safe, secure, healthy and sustainable cruise ship environment for the tens of millions of passengers who cruise annually. The cruise industry continues to provide fact-based information through research and other resources on the cruise industry's operations, performance, regulation and oversight in important issue areas such as environmental stewardship, safety, crime and security, health and medical. With the advice and consent of its membership, CLIA advances policies intended to enhance shipboard safety, security, and environmental stewardship, in some cases calling for best practices in excess of existing legal requirements.

How have you influenced, or are you attempting to influence their position?
Members of NCLH's senior management team work closely with CLIA in developing their policies and positions related to many topics relevant to the cruise industry, including environmental and climate-related matters. NCLH is generally aligned with CLIA's position on climate change.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?
Yes

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our engagement strategy about climate-related matters is driven by involvement and engagement at the executive level. For example, senior members of management for NCLH and its brands regularly collaborate with other cruise industry executives on policy matters via active involvement in CLIA. Our top-down approach to sustainability matters and engagement ensures that activities throughout the organization are consistent with our overall strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
NCLH+2020+ESG+Report_Final+for+Distribution.pdf

Page/Section reference
Governance: pg. 14-15 Strategy: pg. 12-13, 24-25, 31-35 Risks & Opportunities: pg. 28 Emission figures: pg. 26 Other metrics (energy): SASB index, pg. 136-141

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	President and Chief Executive Officer Norwegian Cruise Line Holdings Ltd.	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms