

ROYAL CARIBBEAN CRUISES LTD
Form DEF 14A
April 20, 2017
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

Royal Caribbean Cruises Ltd.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Table of Contents

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Table of Contents

Royal Caribbean Cruises Ltd.

NOTICE OF 2017 ANNUAL MEETING AND PROXY STATEMENT

MIAMI, FLORIDA ½ MAY 22, 2017

Table of Contents

PROXY SUMMARY

Our Annual Meeting is an important event and we look forward to welcoming you. It provides Management and the Board of Directors with an opportunity to receive collective feedback from our shareholders on how we are performing. We place significant value on your opinion and we have strived to highlight in this summary key information for your consideration. It is important, however, that you read the entire proxy statement carefully before voting.

Annual Meeting of Shareholders

When: May 22, 2017
Where: 9:00 AM EDT
 JW Marriott Marquis Miami
 255 Biscayne Boulevard Way
 Miami, Florida 33131
Record Date: March 27, 2017
Voting: Shareholders as of the record date are entitled to vote.
Admission to Meeting: We encourage our shareholders to attend the meeting. Proof of share ownership will be required for admission. See General Information for details.

Meeting Agenda

Elect directors
 Approve executive compensation
 Vote on frequency of shareholder vote on executive compensation
 Ratify Pricewaterhouse Coopers LLP as our independent auditor
 Other business that may properly come before the meeting

Voting Matters and Vote Recommendation

	Page for More Information	Board Vote Recommendation
Election of twelve directors	19	FOR
Vote on executive compensation	28	FOR
Vote on frequency of executive compensation vote	52	1 YEAR
Ratification of Pricewaterhouse Coopers LLP as our independent auditor	53	FOR

Board Nominees

Name	Director			Principal Occupation	Committee Memberships				
	Age	Since			Independent	AC	TCC	NGC	SEH

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John F. Brock	68	2014	Former Chairman & CEO, Coca-Cola European Partners	Yes		M	M
Richard D. Fain	69	1981	Chairman & CEO, Royal Caribbean	No			
William L. Kimsey	74	2003	Former CEO, Ernst & Young Global	Yes	C		M
Maritza G. Montiel	65	2015	Former Deputy CEO & Vice Chairman, Deloitte	Yes	M		
Ann S. Moore	66	2012	Former Chairman & CEO, Time	Yes		M	
Eyal M. Ofer	66	1995	Chairman, Ofer Global and Zodiac Group	Yes			M M
Thomas J. Pritzker	66	1999	Executive Chairman, Hyatt Hotels	Yes			C
William K. Reilly	77	1998	Founding Partner, Aqua International Partners	Yes			C
Bernt Reitan	69	2004	Former Executive Vice President, Alcoa	Yes	M	C	
Vagn O. Sørensen	57	2011	Former President & CEO, Austrian Airlines Group	Yes	M	M	M
Donald Thompson	54	2015	Former President & CEO, McDonald's	Yes		M	M
Arne Alexander Wilhelmsen	51	2003	Chairman, AWILHELMSSEN AS	Yes			M

AC	Audit Committee	C	Chair
TCC	Talent and Compensation Committee	M	Member
NGC	Nominating and Corporate Governance Committee	SEH	Safety, Environment and Health Committee

Table of Contents**Governance Highlights**

We are committed to maintaining strong governance practices and believe that our shareholders are best served by an independent, diverse, well-functioning Board with an appropriate balance between continuity and fresh perspective. In 2016, we took several actions to further enhance our governance processes, including increasing the required number of independent Board members from a majority to two-thirds and expanding the role of the Talent and Compensation Committee to include oversight of talent development. Below, we highlight our key corporate governance practices and policies:

Board of Directors	
Size of Board	12 directors
Director Independence	92% of our directors are independent (11 out of 12). Our Corporate Governance Principles require two-thirds of our directors to be independent.
Lead Independent Director (Lead Director)	William L. Kimsey
Board Committees	Audit Committee, Talent and Compensation Committee, Nominating and Corporate Governance Committee and Safety, Environment and Health Committee
Board Committee Independence	All Board committees consist entirely of independent directors
Director Attendance	All directors attended at least 75% of Board and applicable Board committee meetings
Executive Sessions	Our independent directors regularly meet in executive session without management present
Board Evaluation Process	On an annual basis, the Nominating and Corporate Governance Committee oversees an evaluation of Board and Board committee performance
Board Refreshment	4 of 11 non-management directors joined the Board within the last 5 years
CEO Succession Planning	Overseen by the Talent and Compensation Committee, in consultation with the CEO. The Talent and Compensation Committee reports at least annually to full Board
Financial Expertise	3 audit committee financial experts on our Audit Committee
Rights of Shareholders	

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Annual Election of Directors Yes

Voting for Directors Majority of votes cast

Right to Call Special Meetings Shareholders with at least 50% of the outstanding shares can call Special Meetings

Advisory Say-on-Pay Vote Annual

Poison Pill No

Compensation Accountability

Equity Ownership Guidelines
 CEO 8x salary
 Other NEOs 5x salary
 Board of Directors 3x annual cash retainer

Share Holding Requirements Officers who have not reached target equity ownership must retain at least 50% of net after-tax shares received upon vesting and exercise of awards until target reached

Hedging of Company Shares Prohibited for all employees and members of the Board of Directors

Clawback Provisions Equity and annual incentive plans permit recoupment in case of a restatement for material non-compliance with financial reporting requirements

Table of Contents

Executive Compensation Programs

2016 was a strong year for the Company both operationally and financially, culminating in another consecutive year of record earnings despite a challenging geopolitical and foreign currency environment. At the end of 2016, we believe our business is well positioned, with bookings at record levels and brand preference, employee engagement and guest satisfaction scores at an all-time high. Our compensation programs responded to these outcomes as outlined below.

How We Performed

Record Adjusted EPS* of \$6.08, representing a fourth consecutive year of 20%+ year over year earnings growth

Record Adjusted Net Income* in excess of \$1.3 billion

7 consecutive year of 15%+ year over year growth in Return on Invested Capital (ROIC)

7 consecutive year of yield improvement, including 5th consecutive year of onboard revenue yield growth

Continued demonstrated strong cost discipline

Rating outlook improved to positive from stable by both Moody's and S&P

Significant operational/strategic achievements, including:

Successful introduction of *Ovation of the Seas* and *Harmony of the Seas* as well as *Mein Schiff 5*

How We Paid our Executives

Continued focus on at-risk pay, with 89% of target compensation for our Chairman & CEO (and 78% for other NEOs) variable based on Company performance

Increased the percentage of the Chairman & CEO's long-term incentive compensation award allocated to performance shares from 55% to 60% (with the balance awarded in time-based RSUs).

Recognizing that the Chairman & CEO's total target compensation was below market median (40th percentile) and in light of continued high performance, increased his total target compensation by approximately 9%:

87.5% of the increase variable based on the Company's achievement of predefined target metrics;

62.5% of the increase consisted of additional equity, all of which was awarded in the form of performance shares

Paid bonus to our Chairman & CEO at 125% of target

Where appropriate to better align with the market median, increased base salary, bonus target and long-term incentive levels for the other NEOs

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Secured agreements for new ship orders to maintain targeted moderate growth rate

Paid bonuses to our other NEOs between 116% and 133% of target based on exceeding defined metrics

Completed sale of *Splendour of the Seas* and contracted to sell *Legend of the Seas*

Sale of 51% of and formation of a joint venture to operate the *Pullmantur* brand

27% dividend growth

Completion of \$500 million share repurchase program

* See Annex A for a reconciliation of non-GAAP and GAAP measures presented

We place significant focus on the design of our executive compensation programs as we believe their effectiveness is crucial to our success as a company. We assess our programs regularly and strive to continuously make improvements as well as incorporate shareholder feedback. Our 2016 executive compensation program was generally consistent with the prior year's program with the exception that we further increased the emphasis on performance for our Chairman & CEO's compensation package by adjusting the split on his long-term incentive compensation from 55% performance shares/45% restricted stock units to 60% performance shares/40% restricted stock units.

For a detailed discussion of our executive compensation program, please see the Compensation Discussion and Analysis beginning on page 28.

Table of Contents

TABLE OF CONTENTS

<u>PROXY SUMMARY</u>	1
<u>TABLE OF CONTENTS</u>	4
<u>IMPORTANT INFORMATION REGARDING THE AVAILABILITY OF PROXY MATERIALS</u>	6
<u>GENERAL INFORMATION</u>	6
<u>WHO MAY VOTE</u>	6
<u>REQUIREMENTS TO ATTEND THE ANNUAL MEETING</u>	7
<u>HOW TO VOTE</u>	7
<u>HOW PROXIES WORK</u>	7
<u>MATTERS TO BE PRESENTED</u>	7
<u>VOTE NECESSARY TO APPROVE PROPOSALS</u>	7
<u>REVOKING A PROXY</u>	8
<u>CORPORATE GOVERNANCE</u>	9
<u>CORPORATE GOVERNANCE PRINCIPLES</u>	9
<u>BOARD OF DIRECTORS AND COMMITTEES</u>	9
<u>BOARD LEADERSHIP STRUCTURE</u>	11
<u>TALENT DEVELOPMENT AND SUCCESSION PLANNING</u>	12
<u>RISK OVERSIGHT AND BOARD ROLE</u>	12
<u>DIRECTOR INDEPENDENCE</u>	12
<u>SELECTION OF DIRECTOR CANDIDATES</u>	14
<u>FAMILY RELATIONSHIPS</u>	14
<u>CODE OF ETHICS</u>	14
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	14
<u>CONTACTING MEMBERS OF THE BOARD</u>	15
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	16
<u>PRINCIPAL SHAREHOLDERS</u>	16
<u>SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	17
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	18
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	18
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	19
<u>GENERAL</u>	19
<u>DIRECTOR NOMINEES</u>	19
<u>BOARD RECOMMENDATION</u>	24
<u>DIRECTOR COMPENSATION FOR 2016</u>	25
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	27
<u>RELATED PERSON TRANSACTION POLICY AND PROCEDURES</u>	27
<u>RELATED PERSON TRANSACTIONS</u>	27
<u>EXECUTIVE COMPENSATION</u>	28
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	28
<u>REPORT OF THE TALENT AND COMPENSATION COMMITTEE</u>	42
<u>EXECUTIVE COMPENSATION TABLES</u>	43
<u>COMPENSATION RISK</u>	50
<u>PROPOSAL 2 ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u>	51
<u>BOARD RECOMMENDATION</u>	51
<u>PROPOSAL 3 ADVISORY VOTE ON FREQUENCY OF VOTE ON EXECUTIVE COMPENSATION</u>	52
<u>BOARD RECOMMENDATION</u>	52
<u>PROPOSAL 4 RATIFICATION OF PRINCIPAL INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	53
<u>BOARD RECOMMENDATION</u>	53
<u>REPORT OF THE AUDIT COMMITTEE</u>	54
<u>PROPOSALS OF SHAREHOLDERS FOR NEXT YEAR</u>	55
<u>SOLICITATION OF PROXIES</u>	55
<u>IMPORTANT NOTICE REGARDING DELIVERY OF SECURITY HOLDER DOCUMENTS</u>	55
<u>ANNUAL REPORT ON FORM 10-K</u>	56
<u>ANNEX A TO PROXY STATEMENT</u>	1

Table of Contents

ROYAL CARIBBEAN CRUISES LTD.

1050 Caribbean Way

Miami, Florida 33132

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To our Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of Royal Caribbean Cruises Ltd. will be held at 9:00 A.M., EDT, on Monday, May 22, 2017 at the JW Marriott Marquis Miami, 255 Biscayne Boulevard Way, Miami, Florida 33131, for the following purposes:

1. To elect twelve directors to our Board of Directors, each for a one-year term expiring in 2018;
2. To hold an advisory vote to approve the compensation of our named executive officers;
3. To hold an advisory vote on the frequency of future advisory votes on executive compensation;
4. To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; and
5. To transact such other business as may properly come before the meeting and any adjournment thereof.

The Board of Directors has fixed the close of business on March 27, 2017 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting or any adjournment thereof.

To make it easier for you to vote, Internet voting is available. The instructions on your proxy card describe how to use these convenient services.

The proxy statement and accompanying materials are being mailed on or about April 20, 2017. All shareholders are cordially invited to attend the meeting in person. Whether or not you expect to attend in person, you are urged to vote as soon as possible by Internet or mail so that your shares may be voted in accordance with your wishes. The giving of a proxy does not affect your right to revoke it later or vote your shares in person in the event you should attend the Annual Meeting.

April 18, 2017

/s/ Bradley H. Stein
Bradley H. Stein
General Counsel and Secretary

Table of Contents

ROYAL CARIBBEAN CRUISES LTD.

1050 Caribbean Way

Miami, Florida 33132

PROXY STATEMENT

FOR ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 22, 2017

This proxy statement is being furnished to you in connection with the solicitation of proxies by our Board of Directors (the **Board**) to be used at the Annual Meeting of Shareholders (the **Annual Meeting**) to be held at the JW Marriott Marquis Miami, 255 Biscayne Boulevard Way, Miami, Florida 33131 on Monday, May 22, 2017 at 9:00 a.m., EDT, and any adjournments or postponements thereof. References in this proxy statement to **we**, **us**, **our**, **the Company** and **Royal Caribbean** refer to Royal Caribbean Cruises Ltd. The complete mailing address, including zip code, of our principal executive offices is 1050 Caribbean Way, Miami, Florida 33132 and our telephone number is (305) 539-6000.

IMPORTANT INFORMATION REGARDING THE AVAILABILITY OF PROXY MATERIALS

This proxy statement and our Annual Report on Form 10-K for the year ended December 31, 2016 are available online at www.proxyvote.com. Instead of receiving copies of our future annual reports, proxy statements, and proxy cards by mail, shareholders can elect to receive an email that will provide electronic links to our proxy materials and an electronic link to the proxy voting site. Choosing to receive your future proxy materials online will save us the cost of printing and mailing documents to you and help conserve natural resources. You may sign up for electronic delivery by visiting www.proxyvote.com. If you elect to receive these materials by electronic delivery, you may change your election at any time.

GENERAL INFORMATION

Who May Vote

Each share of our common stock outstanding as of the close of business on March 27, 2017 (the record date) is entitled to one vote at the Annual Meeting. At the close of business on March 27, 2017, 214,922,264 shares of our common stock were outstanding and entitled to vote. You may vote all of the shares owned by you as of the close of business on the record date. These shares include shares that are (1) held of record directly in your name (in which case, you are a **Record Holder** with respect to such shares) and (2) held for you as the beneficial owner through a broker, bank or other nominee (in which case, you are a **Beneficial Holder** with respect to such shares). There are some distinctions between being a **Record Holder** and a **Beneficial Holder** as described herein.

Shares held of record

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the **Record Holder** with respect to those shares, and this proxy statement was sent directly to you by Royal Caribbean. As the **Record Holder**, you have the right to grant your voting proxy directly to us or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use. You may also vote on the Internet as described in the proxy card and below under the heading **How to Vote**.

Shares owned beneficially

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the **Beneficial Holder** of shares held in street name, and this proxy statement was forwarded to you by your broker or other nominee who is considered, with respect to those shares, the shareholder of record. As the **Beneficial Holder**, you have the right to direct your broker or other nominee on how to vote the shares in your account, and you are also invited to attend the Annual Meeting.

Table of Contents

Requirements to Attend the Annual Meeting

You are invited to attend the Annual Meeting if you are a Record Holder or Beneficial Holder as of March 27, 2017. If you are a Record Holder, you must bring proof of identification such as a valid driver's license for admission to the Annual Meeting. If you are a Beneficial Holder, you will need to provide proof of ownership by bringing either your proxy card provided to you by your broker or a copy of your brokerage statement showing your share ownership as of March 27, 2017.

How to Vote

Voting in Person

Shares held in your name as the Record Holder may be voted in person at the Annual Meeting. Shares for which you are the Beneficial Holder may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker or other nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to attend the meeting.

Voting Without Attending the Annual Meeting

Regardless of how you hold your shares, you may vote your shares without attending the Annual Meeting. You may vote by granting a proxy or, for shares held as a Beneficial Holder, by submitting voting instructions to your broker or other nominee. You may also vote using the Internet or by mail as outlined on your proxy card. Please see your proxy card or the information your broker or other holder of record provided to you for more information on these options. Votes cast by Internet have the same effect as votes cast by submitting a written proxy card.

How Proxies Work

All properly executed proxies will be voted in accordance with the instructions contained thereon and, if no choice is specified, the proxies will be voted:

FOR the election of the twelve nominees for director named below (Proposal No. 1);

FOR the approval of the compensation of our named executive officers (Proposal No. 2);

ONE YEAR, as to the frequency of future advisory votes on executive compensation (Proposal No. 3); and

FOR the ratification of the selection of PricewaterhouseCoopers LLP (Proposal No. 4).

Under New York Stock Exchange (NYSE) rules, if you are a Beneficial Holder and you do not instruct your broker or other nominee in a timely fashion how to vote your shares, the broker or nominee can vote your shares as it sees fit only on matters that are determined to be routine, and not on any other proposal. Proposal No. 4 regarding the ratification of the auditors is a routine proposal and, accordingly, your broker or other nominee may vote on such proposal even if it does not receive voting instructions from you. Your broker or other nominee cannot vote on Proposals No. 1, 2 or 3 without your instructions and, accordingly, failure to provide them with specific voting instructions will result in broker non-votes with respect to these proposals.

Matters to be Presented

We are not aware of any matters to be presented for a vote at the Annual Meeting other than those described in this proxy statement. If any matters not described in this proxy statement are properly presented at the meeting, the proxies will use their own judgment to determine how to vote your shares. If the meeting is postponed or adjourned, the proxies will vote your shares on the new meeting date in accordance with your previous instructions, unless you have revoked your proxy.

Vote Necessary to Approve Proposals

We will hold the Annual Meeting if holders of a majority of the shares of common stock entitled to vote are represented at the Annual Meeting in person or by proxy. If you vote via the Internet or sign and return your

Table of Contents

proxy card, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on any of the proposals listed on the proxy card. If the persons present or represented by proxy at the Annual Meeting constitute the holders of less than a majority of the outstanding shares of common stock as of the record date, the Annual Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

The affirmative vote of a majority of the votes cast by the holders of outstanding shares of common stock represented in person or by proxy at the Annual Meeting and entitled to vote with respect to the subject proposal is required to approve each Proposal.

Although abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present, they will not have any effect on the outcome of any proposal.

Prior to the Annual Meeting, we will select one or more inspectors of election for the meeting. Such inspectors shall determine the number of shares of common stock represented at the Annual Meeting, the existence of a quorum and the validity and effect of proxies. They shall also receive, count and tabulate ballots and votes and determine the results thereof.

Revoking a Proxy

Any proxy may be revoked by a shareholder at any time prior to the final vote at the Annual Meeting by voting again on a later date via the Internet (only your latest Internet proxy submitted prior to the Annual Meeting will be counted), by signing and submitting a later-dated proxy or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering to our corporate secretary at 1050 Caribbean Way, Miami, Florida 33132 a written notice of revocation prior to the Annual Meeting.

Table of Contents

CORPORATE GOVERNANCE

We are committed to maintaining strong governance practices as we evolve as a company and regularly assess our practices to determine effectiveness and whether additional enhancements should be made.

Corporate Governance Principles

We have adopted corporate governance principles which, along with our Board committee charters, provide the framework for the governance of the Company. The corporate governance principles address such matters as director qualifications, director independence, director compensation, Board committees and committee evaluations. We believe that the corporate governance principles comply with the corporate governance rules adopted by the NYSE. A copy of these principles is posted in the corporate governance section on our website at www.rclcorporate.com/investors.

Board of Directors and Committees

Meetings

The Board held five meetings during 2016. In 2016, each of our directors attended at least 75% of an aggregate of all meetings of the Board and of any committees on which he or she served during the period the director was on the Board or committee. Our independent directors regularly meet in executive session without management directors present. The Lead Director presides at such meetings.

We do not have a formal policy regarding Board member attendance at the annual shareholders meeting. Two of our Board members attended our 2016 annual shareholders meeting.

Board Committees

The Board has established four standing committees: the Audit Committee, the Talent and Compensation Committee, the Nominating and Corporate Governance Committee and the Safety, Environment and Health Committee, each of which consists solely of independent directors. Each committee has adopted a written charter, meets periodically throughout the year, reports its actions and recommendations to the Board, receives reports from senior management, annually evaluates its performance and has the authority to retain outside advisors in its discretion. The primary responsibilities of each committee are summarized in the charts below and set forth in more detail in each committee's written charter, which can be found in the corporate governance section on our website at www.rclcorporate.com/investors. In addition to these committees, the Board may, from time to time, authorize additional Board committees to assist the Board in executing its responsibilities.

Table of Contents

Audit Committee

Members:

William L. Kimsey (Chair)

Maritza G. Montiel

Bernt Reitan

Vagn O. Sørensen

Responsibilities:

- Oversight of
 - i the integrity of our financial statements
 - i the qualifications and independence of our principal independent auditor
- i the performance of our internal audit function and principal independent auditor
- i our compliance with the legal and regulatory requirements in connection with the foregoing

Review of and discussions with management and the principal independent auditor regarding the annual audited and quarterly financial statements of the Company and related disclosures

Preparation of Report of the Audit Committee (page 54)

Meetings Held During 2016: 9

Independence and Financial Expertise:

The Board has determined that each member of the Audit Committee is independent within the meaning of the NYSE and SEC standards of independence for directors and audit committee members

The Board has concluded that Mr. Kimsey, Ms. Montiel and Mr. Sørensen each qualify as an audit committee financial expert within the meaning of SEC rules

Talent and Compensation Committee

Members:

Bernt Reitan (Chair)

John F. Brock

Ann S. Moore

Vagn O. Sørensen

Donald Thompson

Responsibilities:

Overall responsibility for approving and evaluating the executive compensation plans, policies and programs of the Company

Annual determination of CEO compensation levels, taking into account corporate goals and CEO performance against these goals

Annual determination of senior executive compensation levels

Periodic review and recommendations for director compensation

Periodic review of talent development programs and succession planning

Preparation of Report of the Talent and Compensation Committee (page 42)

**Meetings Held During
2016:** 3

Independence:

The Board has determined that each member of the Talent and Compensation Committee is independent within the meaning of the NYSE standards of independence for directors and compensation committee members

Table of Contents

Nominating and Corporate Governance Committee

Members:

Thomas J. Pritzker (Chair)

John F. Brock

William L. Kimsey

Eyal M. Ofer

Arne Alexander Wilhelmsen

Responsibilities:

Identification of individuals qualified to become Board members

Recommendation to the Board of director nominees

Recommendation to the Board of corporate governance principles

Recommendation to the Board of Board committee nominees

Recommendation to the Board of Board committee structure, operations and Board reporting

Oversee evaluation of Board and management performance

Meetings Held During

2016: 3

Independence:

The Board has determined that each member of the Nominating and Corporate Governance Committee is independent within the meaning of the NYSE standards of independence for directors

Safety, Environment and Health Committee

Members:

William K. Reilly (Chair)

Eyal M. Ofer

Vagn O. Sørensen

Donald Thompson

Responsibilities:

Oversight of our management concerning the implementation and monitoring of our safety (including security), environmental and health programs and policies

Monitor overall safety, environment and health compliance and performance

Review of safety, environment and health programs and policies on board our cruise ships

Meetings Held During

2016: 3

Board Leadership Structure

The Board believes that one of its key responsibilities is to evaluate and implement an optimal leadership structure to facilitate appropriate oversight by an engaged Board of Directors. The Board regularly considers these matters and has concluded that the current leadership structure is appropriate to the Company's current circumstances.

The current leadership structure of the Board consists of:

Name	Title
Richard Fain	Chairman and Chief Executive Officer
William Kimsey	Lead Director, Chairman of Audit Committee
Bernt Reitan	Chairman of Talent and Compensation Committee
Thomas Pritzker	Chairman of Nominating and Corporate Governance Committee
William Reilly	Chairman of Safety, Environment and Health Committee

Mr. Kimsey is our Lead Director. As Lead Director, Mr. Kimsey is responsible for presiding at and calling meetings of non-management directors, serving as a liaison between the Chairman and the non-management directors, advising the Chairman on and approving Board meeting agendas and schedules as well as information

Table of Contents

sent to the Board and, if requested by major shareholders, being available as appropriate for consultation and direct communication. The Lead Director serves at the pleasure of the non-management directors and may be replaced at any time by a majority of the non-management directors.

The Board also regularly reviews the management structure within the Company and has concluded that combining the roles of Chairman and Chief Executive Officer is the most appropriate for our current circumstances. Mr. Fain has served as both Chairman & CEO for almost 30 years. His experience and knowledge of our company and his position in our industry are unparalleled. He has effectively led the Company in both roles during the Company's evolution, including through a number of challenging industry and macroeconomic environments. Over the years, he has developed strong working relationships and trust with other members of the Board. Further, the Board believes that the significant leadership roles undertaken by Mr. Kimsey as well as the various independent directors who chair the other Board committees strike an appropriate balance between effective Board leadership and independent oversight of management.

While currently appropriate, the Board notes that this conclusion is very specific to today's circumstances. As these specific circumstances change, the Board intends to review the leadership structure, including the issue of combining the Chairman and Chief Executive Officer roles, and to make any changes that are appropriate at that time.

Talent Development and Succession Planning

Our Talent and Compensation Committee is responsible for overseeing our talent development programs for our senior executives, including initiatives and practices to further enhance their skills and experience in order to ensure the continuity of capable management. As part of this responsibility, the Talent and Compensation Committee, in consultation with the Chairman & CEO, annually reviews and reports to the Board on management succession planning. This review includes an assessment of the qualifications for the Chief Executive Officer job, an evaluation of potential successors to the position, consideration of the appropriate process going forward and a review of our emergency management succession plan.

Risk Oversight and Board Role

We have a formal enterprise risk management program. Pursuant to this program, management annually performs a Company-wide enterprise risk assessment under the supervision of the Audit & Advisory Services department. This assessment is updated at least once during the course of the year. The assessment identifies those risks inherent in our business plans and strategies with the greatest potential to impact the achievement of our business objectives. This assessment is used to provide us with a risk-based approach to managing our business. Management reviews and discusses the risk assessment report and updates thereto with the Audit Committee and the Board. In addition, committees of the Board consider and review with management at regularly scheduled committee meetings ongoing financial, strategic, operational, legal and compliance risks inherent in the business activities applicable to each committee's area of responsibility. The committee chairs inform the Board of the outcome of these reviews through reports to the Board at the regularly scheduled Board meetings.

Director Independence

Under our corporate governance principles, two-thirds of our directors are required to be independent within the meaning of the NYSE standards of independence for directors. Our corporate governance principles contain guidelines established by the Board to assist it in determining director independence in accordance with these NYSE standards. The Board believes that directors who do not meet the NYSE independence standards also make valuable contributions to the Board and to the Company by reason of their experience and wisdom, and the Board expects that some minority of its Board will not meet the NYSE independence standards.

Table of Contents

To be considered independent under the NYSE independence standards, the Board must determine that a director does not have any direct or indirect material relationship with the Company or any of its subsidiaries (collectively, the Royal Caribbean Group). The Board has established the following guidelines to assist it in determining director independence in accordance with those standards:

A director will not be independent if:

- i the director is, or has been within the preceding three years, an employee of the Royal Caribbean Group, or an immediate family member is, or has been within the preceding three years, an executive officer of the Royal Caribbean Group, other than in each instance as interim Chairman, interim CEO or other interim executive officer;
- i the director or an immediate family member has received during any twelve-month period within the preceding three years more than \$120,000 in direct compensation from the Royal Caribbean Group other than (A) director and committee fees, (B) pension and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), (C) compensation for former services as an interim Chairman, interim CEO or other interim executive officer or (D) compensation to an immediate family member for service as a non-executive employee of the Royal Caribbean Group;
- i the director is a current partner or employee of Royal Caribbean's internal or external auditor (in either case, the Auditor) or has an immediate family member who is either (A) a current partner of the Auditor or (B) a current employee who personally works on Royal Caribbean's audit;
- i the director or an immediate family member was within the last three years a partner or employee of the Auditor and personally worked on Royal Caribbean's audit within that time;
- i the director or an immediate family member is, or has been within the preceding three years, employed as an executive officer of another company where any of Royal Caribbean's current executive officers at the same time serves or served on the compensation committee of that other company; or
- i the director is an employee of another company that does business with the Royal Caribbean Group, or the director has an immediate family member that is an executive officer of another company that does business with the Royal Caribbean Group and, in either case, the annual payments to, or payments from, the Royal Caribbean Group within any of the three most recently completed fiscal years exceed \$1,000,000 or two percent of the annual consolidated gross revenues of the other company (whichever is greater).

The following commercial relationships will not be considered to be material relationships that would impair a director's independence:

- i if a director is an employee of another company that does business with the Royal Caribbean Group and the annual payments to, or payments from, the Royal Caribbean Group are less than \$1,000,000 or two percent of the annual consolidated revenues of the company he or she serves as an employee (whichever is greater);
- i if a director is an employee of another company which is indebted to the Royal Caribbean Group, or to which the Royal Caribbean Group is indebted, and the total amount of indebtedness to the other is less than two percent or \$1,000,000

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(whichever is greater) of the total consolidated assets of the company he or she serves as an employee; and

- i if an immediate family member of a director is an executive officer of another company that does business with the Royal Caribbean Group, and the annual payments to, or payments from, the Royal Caribbean Group, are less than two percent or \$1,000,000 (whichever is greater) of the annual consolidated revenues of the company the immediate family member serves as an executive officer.

Each director must regularly disclose to the Board whether his or her relationships satisfy these independence tests. Based on these disclosures and other information available to it, the Board has determined

Table of Contents

that each of the directors is independent with the exception of Mr. Fain, who is not considered independent as a result of his position as Chairman & CEO of the Company. In determining that Mr. Pritzker is independent, the Board considered the transactions described below in Certain Relationships and Related Person Transactions Related Person Transactions .

Selection of Director Candidates

In identifying and evaluating candidates for nomination to the Board, the Nominating and Corporate Governance Committee considers the personal and professional ethics, integrity and values of the candidate, his or her willingness and ability to evaluate, challenge and stimulate, and his or her ability to represent the long-term interests of the shareholders. The Nominating and Corporate Governance Committee also considers the candidate's experience in business and other areas that may be relevant to the activities of the Company, his or her leadership ability, the applicable independence requirements, the current composition of the Board and the appropriate balance between the value of continuity of service by existing members of the Board with that of obtaining a new perspective.

The Board recognizes the value and importance of diversity and has designed our director nomination process to consider diversity when evaluating prospective nominees. As diversity can encompass many attributes, our corporate governance principles make clear that our definition of diversity includes matters of race, gender and ethnicity. The Nominating and Corporate Governance Committee is committed to seeking out qualified and diverse director candidates, including women and individuals from minority groups, to include in the pool from which nominees are chosen.

The Nominating and Corporate Governance Committee has been committed to refreshing the Board by adding new directors. Four new members have been added to the Board within the past five years. These persons bring different experiences to the Board and, in the case of three of them, expand the Board's diversity in terms of gender, race and ethnicity.

The Nominating and Corporate Governance Committee regularly engages third party search firms to identify or assist in identifying potential director nominees. The Nominating and Corporate Governance Committee seeks to identify director candidates from a variety of sources, including search firms, personal connections, shareholder recommendations and recommendations by others. The Nominating and Corporate Governance Committee will consider director candidates recommended by shareholders that are submitted as described in our corporate governance principles. During the last year, we employed an outside firm to assist us with our search process for new directors. In working with this firm, the Nominating and Corporate Governance Committee explicitly requested that they look for diverse candidates.

Family Relationships

There are no family relationships among our executive officers and directors or director nominees.

Code of Ethics

The Board has adopted a Code of Business Conduct and Ethics that applies to all our employees, including our executive officers, and our directors. A copy of the Code of Business Conduct and Ethics is posted in the corporate governance section of our website at www.rclcorporate.com/investors and is available in print, without charge, to shareholders upon written request to our Corporate Secretary at Royal Caribbean Cruises Ltd., 1050 Caribbean Way, Miami, Florida 33132. Any amendments to the code or any waivers from any provisions of the code granted to executive officers or directors will be promptly disclosed to investors by posting on our website at www.rclcorporate.com/investors.

Compensation Committee Interlocks and Insider Participation

During 2016, none of the members of the Talent and Compensation Committee (a) was an officer or employee of the Company or any of its subsidiaries, (b) was a former officer of the Company or any of its subsidiaries or (c) had any related party relationships requiring disclosure under Item 404 of SEC Regulation

Table of Contents

S-K. During 2016, no executive officer of the Company served as a member of the board of directors or on the compensation committee of any other company, one of whose executive officers or directors serve or served as a member of the Board or the Talent and Compensation Committee of the Company.

Contacting Members of the Board

The Board welcomes questions and comments. Interested parties who wish to communicate with non-management members of the Board can address their communications to the attention of our Corporate Secretary at our principal address at 1050 Caribbean Way, Miami, Florida 33132 or via email to bstein@rccl.com. The Corporate Secretary maintains a record of all such communications and promptly forwards to the Lead Director those communications that the Corporate Secretary believes require immediate attention. The Corporate Secretary periodically provides a summary of all such communications to the Lead Director and he, in turn, notifies the Board or the chairs of the relevant committees of the Board of those matters that he believes are appropriate for further action or discussion.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Principal Shareholders**

This table sets forth information as of March 27, 2017 about persons we know to beneficially own⁽¹⁾ more than five percent of our common stock.

Name of Beneficial Owner	Shares of Common Stock (#)	Percentage of Ownership ⁽²⁾
AWILHELMSSEN AS	29,934,512 ⁽³⁾	13.9%
The Vanguard Group	15,949,690 ⁽⁴⁾	7.4%
Baillie Gifford & Co.	13,770,426 ⁽⁵⁾	6.4%
Osiris Holdings Inc.	11,277,680 ⁽⁶⁾	5.2%
PRIMECAP Management Company	10,905,505 ⁽⁷⁾	5.1%

- (1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from March 27, 2017 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within 60 days from March 27, 2017 have been exercised.
- (2) Applicable percentage ownership is based on 214,922,264 shares of common stock outstanding as of March 27, 2017.
- (3) AWILHELMSSEN AS is a Norwegian corporation, the indirect beneficial owners of which are members of the Wilhelmsen family of Norway. The shares reported in the table include 5,035,259 shares owned by AWECO Invest AS, an affiliate of AWILHELMSSEN AS. AWILHELMSSEN AS has the power to vote and dispose of the shares owned by AWECO Invest AS pursuant to an agreement between AWILHELMSSEN AS and AWECO Invest AS. The address of AWILHELMSSEN AS is Beddingen 8, Aker Brygge, Vika N-0118 Oslo, Norway.
- (4) Represents shares beneficially owned by The Vanguard Group, 100 Vanguard Blvd., Malvern, PA 19355. The foregoing information is based solely on a Schedule 13G/A filed by The Vanguard Group with the SEC on February 10, 2017.
- (5) Represents shares beneficially owned by Baillie Gifford & Co., Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK. The foregoing information is based solely on a Schedule 13G/A filed by Baillie Gifford & Co. with the SEC on February 6, 2017.
- (6) Osiris Holdings Inc. (Osiris) is a Liberian corporation, the indirect beneficial owner of which is a trust primarily for the benefit of certain members of the Ofer family. The shares reported in the table include 9,656,380 shares owned by Osiris and 1,621,300 shares owned by a subsidiary of Osiris. The address of Osiris is c/o Bex Property Management S.A.M., 3 Ruelle Saint Jean, MC 98000 Monaco.
- (7) Represents shares beneficially owned by PRIMECAP Management Company, 177 E. Colorado Blvd., 11th Floor, Pasadena, CA 91105. The foregoing information is based solely on a Schedule 13G/A filed by PRIMECAP Management Company with the SEC on February 9, 2017.

Table of Contents**Security Ownership of Directors and Executive Officers**

This table sets forth information as of March 27, 2017 about the number of shares of common stock beneficially owned⁽¹⁾ by (i) our directors; (ii) the named executive officers listed in the Compensation Discussion and Analysis below; and (iii) our directors and executive officers as a group.

The number of shares beneficially owned by each named person or entity is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose.

No shares of common stock held by our directors or named executive officers have been pledged.

Name of Beneficial Owner	Shares of Common Stock (#) ⁽²⁾	Percentage of Ownership ⁽³⁾
Michael W. Bayley	4,421	*
John F. Brock	10,349	*
Richard D. Fain	1,608,509 ⁽⁴⁾	*
Adam M. Goldstein	204,079	*
William L. Kimsey	16,405	*
Jason T. Liberty	581	*
Lisa Lutoff-Perlo		*
Maritza G. Montiel	1,793	
Ann S. Moore	12,152	*
Eyal M. Ofer	26,074 ⁽⁵⁾	*
Thomas J. Pritzker	851,884 ⁽⁶⁾	*
William K. Reilly	12,744	*
Bernt Reitan	11,077	*
Vagn O. Sørensen	18,871	*
Donald Thompson	2,710	*
Arne Alexander Wilhelmsen	29,940,350 ⁽⁷⁾	13.9%
All directors and executive officers as a group (20 persons)	32,826,586	15.3%

* Denotes beneficial ownership of less than 1% of the outstanding shares of common stock

(1) A person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from March 27, 2017 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within 60 days from March 27, 2017 have been exercised.

(2) The holdings reported in this column for each person include shares of common stock issuable upon the exercise of stock options that are exercisable as of March 27, 2017 or will be exercisable within 60 days from March 27, 2017 and the vesting of restricted stock units and performance shares that are scheduled to vest within 60 days from March 27, 2017 as follows:

Mr. Fain	154,112	Mr. Ofer	14,176	Director/Officer	216,281
Mr. Liberty	581	Mr. Pritzker	14,176	group	

The reported holdings do not include options that are not exercisable within 60 days of March 27, 2017, restricted stock units that are not scheduled to vest or settle within 60 days of March 27, 2017 and performance shares that are not scheduled to vest within 60 days of March 27,

2017.

- (3) Applicable percentage ownership is based on 214,922,264 shares of common stock outstanding as of March 27, 2017.
- (4) Includes 426,912 shares owned by various trusts primarily for the benefit of certain members of the Fain family. Mr. Fain disclaims beneficial ownership of some or all of these shares. Does not include shares owned by other trusts for the benefit of members of the Fain family in which Mr. Fain does not have any beneficial or pecuniary interest or shares directly or indirectly owned by Mr. Fain's adult children.
- (5) Does not include 11,277,680 shares beneficially owned by Osiris.
- (6) Includes 40,000 shares owned by a trust for which Mr. Pritzker acts as co-trustee.
- (7) Includes 29,934,512 shares beneficially owned by AWILHELMOSEN AS. Mr. Wilhelmsen disclaims beneficial ownership of these shares.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table summarizes our equity plan information as of December 31, 2016.

Plan Category	Column A: Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted- Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)⁽³⁾
Equity compensation plans approved by security holders	1,436,848 ⁽¹⁾	\$ 32.8177 ⁽²⁾	5,893,221 ⁽³⁾
Equity compensation plans not approved by security holders			
Total	1,436,848	\$ 32.8177	5,893,221

(1) Includes outstanding stock options, unvested or unsettled restricted stock units and unvested performance shares under our 2000 Stock Award Plan and our 2008 Equity Incentive Plan.

(2) Represents the weighted average exercise price of stock options outstanding without regard to equity awards that have no exercise price (including restricted stock units and performance shares).

(3) Includes shares available for issuance under our 2008 Equity Incentive Plan.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors, certain officers and persons who beneficially own more than ten percent of our common stock to file reports on Forms 3, 4 and 5 with the SEC. Based solely upon a review of such reports filed since the Company last made such a disclosure in its proxy statement distributed in connection with the 2016 Annual Meeting, all reporting persons filed on a timely basis the reports required by Section 16(a) of the Exchange Act.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

General

The Board currently consists of 12 directors. On the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated each of our 12 directors for re-election. Once elected, a director holds office until the next annual shareholders meeting and until a respective successor is duly elected and qualified or until his or her earlier resignation or removal.

If any of the nominees is unexpectedly unavailable for election, shares represented by validly delivered proxies will be voted for the election of a substitute nominee designated by our Board or our Board may determine to reduce the size of our Board. Each person nominated for election has agreed to serve if elected.

Director Nominees

Set forth below is biographical information for the nominees as well as the key attributes, experience and skills that the Board believes each nominee brings to the Board.

John F. Brock

Director since February 2014

Age: 68

Board Committees: Talent and Compensation Committee; Nominating and Corporate Governance Committee

Other Public Company Boards: None

Mr. Brock retired as Chief Executive Officer of Coca-Cola European Partners in December 2016, having served in that role since the formation of that Company in May 2016. Prior to that, Mr. Brock served as Chairman and Chief Executive Officer of Coca-Cola Enterprises Inc. since April 2008 and as Chief Executive Officer since April 2006. From February 2003 until December 2005, Mr. Brock was Chief Executive Officer of InBev, S.A., a global brewer, and from March 1999 until December 2002, he was Chief Operating Officer of Cadbury Schweppes plc, an international beverage and confectionery company. From April 2007 to December 2007, Mr. Brock served as a director of Dow Jones & Company, Inc., a publisher and provider of global business and financial news. From 2004 to 2006, he served as a director of the Campbell Soup Company, a global manufacturer and marketer of branded convenience food products. From 2003 to 2005, he served as a director of Interbrew/Inbrew, a beer brewing company. He also served as a director of Reed Elsevier, a publisher, from 1997 to 2003. Mr. Brock is a Trustee and Chair-Elect of the Georgia Tech Foundation, and is Chairman of Horizons Atlanta, a philanthropic organization that enhances education for underserved children.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Brock brings senior leadership and strategic and global expertise from his most recent position as Chairman and CEO of one of the world's largest independent Coca-Cola bottlers. Prior to his retirement, Mr. Brock demonstrated effective and efficient leadership of a complex, publicly-traded company competing in the highly competitive international beverage industry.

Richard D. Fain, Chairman

Director since 1981

Age: 69

Board Committees: None

Other Public Company Boards: None

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Mr. Fain has served as director since 1981 and as our Chairman and Chief Executive Officer since 1988. Mr. Fain has been involved in the shipping industry for over 40 years. Mr. Fain is a recognized industry leader, having participated in cruising for 30 years and having held a number of prominent industry positions, such as Chairman of the Cruise Lines International Association (CLIA), the largest cruise industry trade association. He is also actively engaged in civic organizations dedicated to the betterment of our community. He currently serves

Table of Contents

as Chairman of the University of Miami Board of Trustees as well as on the National Board of the Posse Foundation. He is also former chairman of the Miami Business Forum, the Greater Miami Convention and Visitors Bureau, and the United Way of Miami-Dade.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Fain's breadth of experiences, tenure and leadership provide incomparable insights into the history, operations, and strategic vision of the Company as well as the evolution and direction of the cruise industry as a whole. As our Chairman & CEO for almost 30 years, Mr. Fain has grown the Company from a one-brand Caribbean-centric operation with berthing capacity of approximately 5,000 to the second largest cruise company in the world with a portfolio of global and regional brands that operate around the globe with capacity in excess of 110,000.

William L. Kimsey, Lead Director

Director since 2003

Age: 74

Board Committees: Audit Committee (Chairman); Nominating and Corporate Governance Committee

Other Public Company Boards: Accenture Plc (New York Stock Exchange)

Mr. Kimsey was employed for 32 years through September 2002 with the independent public accounting firm Ernst & Young L.L.P. From 1998 through 2002, Mr. Kimsey served as the Chief Executive Officer of Ernst & Young Global and Global Executive Board member of Ernst & Young and from 1993 through 1998 as the Firm Deputy Chairman and Chief Operating Officer. Mr. Kimsey also serves on the board and chairs the audit committee of Accenture Plc. From 2004 until 2008, he served on the board of NAVTEQ Corporation and was the chairman of its audit committee. From 2003 through 2014, Mr. Kimsey also served on the board and the audit committee of Western Digital Corporation. Mr. Kimsey is a certified public accountant and a member of the American Institute of Certified Public Accountants.

Specific Qualifications, Attributes, Skills and Experience:

As former Chief Executive Officer of one of the largest public accounting firms in the world, Mr. Kimsey brings substantial accounting and finance knowledge and expertise to the Board as well as experience serving on and chairing the audit committees of a number of other large, well-regarded public corporations.

Maritza G. Montiel

Director since December 2015

Age: 65

Board Committees: Audit Committee

Other Public Company Boards: AptarGroup, Inc. (New York Stock Exchange); McCormick & Company (New York Stock Exchange)

Ms. Montiel served as Deputy Chief Executive Officer and Vice Chairman of Deloitte LLP from 2011 through her retirement in May 2014. Prior to these positions, she held numerous senior management roles at Deloitte, including Managing Partner (Leadership Development and Succession, Deloitte University) from 2009 to 2011, and Regional Managing Partner from 2001 to 2009. During Ms. Montiel's tenure at Deloitte, she was the Advisory Partner for many engagements in which Deloitte was the principal auditor. Ms. Montiel is a Board member of AptarGroup, Inc. where she chairs the Audit Committee, and a Board member of McCormick & Company where she is a member of the Compensation Committee.

Specific Qualifications, Attributes, Skills and Experience:

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Leveraging her more than 35 years of advising companies (including providing attestation services for public companies) across a wide cross-section of industries, Ms. Montiel brings to the Board significant financial and advisory experience. The Board also benefits from her deep and broad working knowledge of the strategic and governance challenges faced by today's large organizations and her experience overseeing risk and compliance in her role as Deputy CEO of Deloitte.

Table of Contents

Ann S. Moore

Director since May 2012

Age: 66

Board Committees: Talent and Compensation Committee

Other Public Company Boards: None

Ms. Moore served as Chairman and Chief Executive Officer of Time Inc. from July 2002 to September 2010 and served as Chairman through December 2010. Prior to that, Ms. Moore was Executive Vice President of Time Inc., where she had executive responsibilities for a portfolio of magazines including Time, People, InStyle, Teen People, People en Español and Real Simple. Ms. Moore joined Time Inc. in 1978 in Corporate Finance. Since then, she held consumer marketing positions at Sports Illustrated, Fortune, Money and Discover, moving to general management of Sports Illustrated in 1983 and to publisher of People in 1991. From 1993 to May 2014, Ms. Moore served on the Board of Directors of Avon Products Inc. She was also a director of the Wallace Foundation from 2004 through June 2016.

Specific Qualifications, Attributes, Skills and Experience:

Ms. Moore's extensive experience in consumer-driven publishing and media brings to the Board recognized management and entrepreneurial capabilities. As the leader of one of the largest magazine companies in the United States, Ms. Moore successfully expanded the footprint of many of the company's flagship brands and oversaw her company's transition to digital platforms.

Eyal M. Ofer

Director since 1995

Age: 66

Board Committees: Nominating and Corporate Governance Committee; Safety, Environment and Health Committee

Other Public Company Boards: None

Mr. Ofer is Chairman of Ofer Global, a private portfolio of international businesses principally focused on shipping, real estate, banking and investments. Mr. Ofer is also Chairman of the Zodiac Group, a private organization based in Monaco that owns a diversified fleet of over 150 large ocean going vessels trading worldwide and operated through Zodiac Maritime in London. Mr. Ofer is also Chairman of Global Holdings, a private real estate group that specializes in large-scale commercial real estate and high end residential developments in top tier cities globally. Mr. Ofer previously served as the Chairman and Chief Executive Officer of Associated Bulk Carriers Ltd. from 2002 to 2003.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Ofer brings to the Board over 30 years of significant leadership in the international maritime industry, including over 20 years of service on our Board of Directors. Mr. Ofer also provides considerable expertise in both real estate and finance matters, having played a leading role throughout his career in both expanding and diversifying his family's shipping enterprise into sectors including real estate, cruise lines, hotels and banking.

Thomas J. Pritzker

Director since 1999

Age: 66

Board Committees: Nominating and Corporate Governance Committee

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Other Public Company Boards: Hyatt Hotels Corporation (New York Stock Exchange)

Mr. Pritzker is Executive Chairman of Hyatt Hotels Corporation and Chairman and CEO of The Pritzker Organization, which provides investment and business advisory services to the Thomas J. Pritzker family enterprise. Over his career he has been involved in founding significant companies in a variety of fields including container leasing (Triton), biotech (Bay City Capital) and health care (Reliant Pharmaceuticals and First Health). He has also been engaged in building existing companies in a number of industries. Outside of business,

Table of Contents

Mr. Pritzker is Chairman of the Board of the Hyatt Foundation, which sponsors the Pritzker Architecture Prize. He is also Chairman of the Center for Strategic & International Studies in Washington DC. He is a member of the Board of Trustees of the University of Chicago, the Art Institute of Chicago and the Aspen Strategy Group. He also organized and founded the Pritzker Neuropsychiatric Disorders Research Consortium, which is a collaborative research effort into the genetic basis of psychiatric disorders.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Pritzker brings to the Board a proven record of outstanding leadership and strategic skills, having been involved over the course of his career in acquiring and building mature companies in a number of different industries and founding significant companies in the fields of container leasing, biotech and health care. From his role as Executive Chairman of Hyatt Hotels Corp., Mr. Pritzker provides considerable and valuable experience in overseeing a globally focused hospitality business with operations in 20 of the 25 most populous urban centers around the world and strong brand presence in high growth markets for Royal Caribbean, such as China.

William K. Reilly

Director since 1998

Age: 77

Board Committees: Safety, Environment and Health Committee (Chairman)

Other Public Company Boards: Enviva Partners LP (New York Stock Exchange)

Mr. Reilly is the Founding Partner of Aqua International Partners L.P., a private equity fund established in 1997 and dedicated to investing in companies engaged in water. From 1989 to 1993, Mr. Reilly served as the Administrator of the U.S. Environmental Protection Agency. He has also previously served as the first Payne Visiting Professor at Stanford University, President of the World Wildlife Fund and President of The Conservation Foundation. He is Chairman Emeritus of the World Wildlife Fund and Chairman of the Advisory Committee to the Nicholas Institute for Environmental Policy Solutions at Duke University. He serves as a director of Enviva Partners LP, a publicly traded master limited partnership that aggregates wood fiber and processes it into a transportable form, and the National Geographic Education Foundation. From 1993 until April 2012, Mr. Reilly also served on the Board of Directors of E.I. duPont de Nemours and Company and from 1997 until May 2013, he served on the Board of Directors of ConocoPhillips. In May 2010, President Obama named Mr. Reilly to serve as co-chair of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, which released its report on January 11, 2011. In December 2012, the President named Mr. Reilly to the Council for Global Development.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Reilly brings to the Board his wealth of environmental, safety and regulatory expertise gained through significant leadership roles within a number of distinguished environmental organizations, including the U.S. Environmental Protection Agency, the World Wildlife Fund and the National Geographic Society and on important environmental projects, including serving as co-chair of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling.

Bernt Reitan

Director since 2004

Age: 69

Board Committees: Audit Committee; Talent and Compensation Committee (Chairman)

Other Public Company Boards: None

Until his retirement in August 2010, Mr. Reitan was an Executive Vice President of Alcoa Inc. and the Group President for the Global Primary Products division, with responsibility for the strategic management of Alcoa Inc.'s alumina refineries and primary aluminum smelters worldwide and associated businesses, such as metal purchasing, trading and transportation. Mr. Reitan joined Alcoa Inc. in 2000 as general manager of

Alcoa World Alumina & Chemicals and was named President of Alcoa World Alumina & Chemicals in January 2001.

Table of Contents

In July of that year, he was elected a Vice President of Alcoa Inc. In January 2003, he was appointed President, Alcoa Primary Metals. In November 2004, he was named an Executive Vice President of the company. Before joining Alcoa Inc., he was employed for 20 years in a number of positions with Elkem ASA in Norway. Mr. Reitan served on the board of Yara ASA from May 2009 until May 2014. Mr. Reitan served on the board of REC ASA from May 2010 until May 2012. Mr. Reitan holds a master's degree in civil engineering from the Technical University, Trondheim, Norway.

Specific Qualifications, Attributes, Skills and Experience:

As a former senior executive officer of Alcoa Inc. and Group President for its Global Primary Products division, Mr. Reitan brings to the Board valuable leadership and operational knowledge and experience in running a global business. His years of experience as an executive in the alumina business provides useful insight to the Board in operating a complex business in many different countries, including knowledge in the areas of global logistics and risk management.

Vagn O. Sørensen

Director since 2011

Age: 57

Board Committees: Audit Committee; Talent and Compensation Committee, Safety, Environment and Health Committee

Other Public Company Boards: Air Canada (Toronto Stock Exchange); FLSmidth A/S (Copenhagen Stock Exchange); SSP Group plc (London Stock Exchange); Scandic Hotels AB (Nasdaq Stockholm)

Mr. Sørensen brings to the Board over 20 years of experience in the aviation industry, having served as the President and CEO of Austrian Airlines Group from 2001 through 2006. Prior to that, he served in a variety of roles with Scandinavian Airlines Systems, including as Executive Vice President and Deputy CEO. He currently owns and is President of VS Consulting and serves as a Board member and Chairman for a number of corporations throughout Europe and Canada, including Air Canada, FLSmidth A/S, SSP Group plc, Nordic Aviation Capital A/S and Scandic Hotels AB.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Sørensen's breadth of experience in the aviation industry and, before that, the insurance industry brings useful insight to the Board, especially with respect to matters impacting the travel industry and risk management. He also provides significant experience within the shipping industry gained through his prior service as Deputy Chairman of DFDS A/S, one of the largest short-seas operators in Europe. Through his service on a number of other boards in Europe and Canada, Mr. Sørensen also provides the Board with diverse perspectives.

Donald Thompson

Director since May 2015

Age: 54

Board Committees: Talent and Compensation Committee, Safety, Environment and Health Committee

Other Public Company Boards: Northern Trust Corporation (NASDAQ Global Select Market)

Prior to his current role as Founder and Chief Executive Officer of Cleveland Avenue, LLC, Mr. Thompson served as President and Chief Executive Officer of McDonald's Corporation from 2012 until March 2015. Previously, Mr. Thompson served as President and Chief Operating Officer of McDonald's Corporation from 2010 to 2012 and President of McDonald's USA from 2006 to 2010. Prior to joining McDonald's, Mr. Thompson served six years as an Electrical Engineer for the Northrop Corporation, where he specialized in power supply design and manufacturing for high technology radar systems. Mr. Thompson also served as director of McDonald's Corporation from 2011 to March 2015 and as a director of Exelon Corporation from 2007 to 2013. Since March 2015, Mr. Thompson has served as a director of Northern Trust Corporation. He also serves on the board of Beyond Meat, as an Advisory Board member of Docusign, Inc. and on numerous civic and

philanthropic boards. He is a member of the Executive Leadership Council, the Commercial and

Table of Contents

Economic Clubs of Chicago, Business Council, World Business Chicago and the Arthur M. Brazier Foundation. He serves as a Trustee on the boards of the Cleveland Avenue Foundation for Education, Northwestern Memorial Hospital and Purdue University.

Specific Qualifications, Attributes, Skills and Experience:

Mr. Thompson brings to the Board significant strategic leadership and collaboration skills as well as valuable global business perspective. His 25-year career at McDonald's, the world's leading global foodservice retailer, culminated in leading the company from 2012 through 2015. In his role as President & CEO of McDonald's, Mr. Thompson directed strategy and operations for over 30,000 restaurants in over 100 countries, working closely with thousands of independent owner/operators, corporate staff and restaurant employees around the world.

Arne Alexander Wilhelmsen

Director since 2003

Age: 51

Board Committees: Nominating and Corporate Governance Committee

Other Public Company Boards: None

Mr. Wilhelmsen is chairman of the board of directors of AWILHELMSSEN AS, the holding company for the AWILHELMSSEN group of companies, after having served as the Chairman of the board of directors of AWILHELMSSEN Management AS from 2008 through June 2013. Mr. Wilhelmsen was elected Chairman of the Board of AWECO Invest AS in 2011 and Chairman of the Board of AWILHELMSSEN HOLDING AS in June 2016. He has held a variety of positions within the AWILHELMSSEN group of companies since 1995. In addition, Mr. Wilhelmsen serves as chairman of the board of his wholly-owned company Pan Sirius AS. From 1996 through 1997, Mr. Wilhelmsen was engaged as a marketing analyst for the Company and from 2001 through 2009 served as a member of the board of directors of Royal Caribbean Cruise Line AS, a wholly owned subsidiary of the Company that was responsible for the sales and marketing activities of the Company in Europe. Mr. Wilhelmsen served as the Chairman of the Board of The Containership Company ASA from August 2010 to August 2011. From 2005 through 2008, he served as a member of the board of directors of Awilco Offshore ASA (currently known as COSL Drilling Europe AS).

Specific Qualifications, Attributes, Skills and Experience:

As the leader of an investment company with varied interests across a number of business segments, including shipping, cruise, real estate and retail, Mr. Wilhelmsen brings a diverse knowledge base and strategic insight to the Board. As the representative of the Company's largest shareholder and one of the Company's original founders, Mr. Wilhelmsen also provides a valuable historical perspective to the Board.

Board Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR NAMED ABOVE.

Table of Contents**Director Compensation for 2016**

Directors who are Company employees do not receive any fees for their services as directors.

For services in 2016, each non-employee director was entitled to receive an annual cash retainer of \$80,000 for a full year of service. In addition, our Lead Director received a further annual cash retainer of \$50,000.

We also pay annual cash retainers for chairing of and service on various Board committees. The amount of these retainers in 2016 for a full year of service was as follows:

Committee Role	Audit Committee	Talent & Compensation Committee	Nominating & Corporate Governance Committee	Safety, Environment & Health Committee
Chairman	\$ 30,000	\$ 20,000	\$ 10,000	\$ 10,000
Member	\$ 20,000	\$ 10,000	\$ 7,500	\$ 7,500

Directors do not earn fees for each meeting attended; however, they are reimbursed for their travel expenses and, occasionally, for those of an accompanying guest.

In 2016, each non-employee director received restricted stock units with a fair market value of \$120,000 as of the grant date. These restricted stock units vested in full immediately upon grant and settled one year following the date of grant. Our stock ownership guidelines require directors to accumulate ownership of at least \$240,000 of our common stock (which is 3 times their annual cash retainer for Board service), including the value of restricted stock and restricted stock units, within three years of becoming a director. If the value of their stock holdings falls below this amount, directors cannot sell shares of our common stock until the value once again exceeds the required amount.

In order to increase their knowledge and understanding of our business, we encourage our non-management Board members and their families to experience our cruises. As a result, we have adopted a Non-Management Director Cruise Policy. Under this policy, with certain limited exceptions, a Board member is entitled to up to two complimentary staterooms on two cruises per year for the Board member and any immediate family accompanying the Board member on the cruise. Additional guests traveling with a Board member will receive a 15% discount off the lowest available fare for up to 5 staterooms. The Chairman & CEO may grant exceptions to this policy in his discretion but has not to date done so.

Table of Contents

The table below summarizes the compensation of each person serving as a non-employee director in 2016.

2016 Director Compensation Table

Name	Fees Earned or Paid in Cash	Stock Awards^{(1), (2)}	All Other Compensation⁽³⁾	Total
John F. Brock	\$ 97,500	\$ 117,316		\$ 214,816
William L. Kimsey	\$ 167,500	\$ 117,316	\$ 16,008 ⁽⁴⁾	\$ 300,824
Ann S. Moore	\$ 90,000	\$ 117,316	\$ 61,296 ⁽⁵⁾	\$ 268,612
Maritza G. Montiel	\$ 97,857	\$ 117,316		\$ 215,173
Eyal M. Ofer	\$ 95,000	\$ 117,316		\$ 212,316
Thomas J. Pritzker	\$ 90,000	\$ 117,316		\$ 207,316
William K. Reilly	\$ 90,000	\$ 117,316		\$ 207,316
Bernt Reitan	\$ 120,000	\$ 117,316	\$ 13,776 ⁽⁶⁾	\$ 251,092
Vagn O. Sørensen	\$ 117,500	\$ 117,316	\$ 27,089 ⁽⁴⁾	\$ 261,905
Donald Thompson	\$ 97,500	\$ 117,316		\$ 214,816
Arne Alexander Wilhelmsen	\$ 87,500	\$ 117,316		\$ 204,816

- (1) The column titled "Stock Awards" reports the fair value of restricted stock unit awards at their grant date in 2016 calculated in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. For the assumptions used in valuing these awards for purposes of computing this expense, please see Note 9 of the consolidated financial statements in the Company's Annual Report for the year ended December 31, 2016.
- (2) As of December 31, 2016, each non-employee director listed in the table held 1,793 vested restricted stock units. As of December 31, 2016, the non-employee directors listed in the table held options to purchase the following aggregate number of shares of common stock: Mr. Ofer, 16,433; Mr. Pritzker, 16,433 and Mr. Reilly, 7,855.
- (3) The aggregate value of other compensation that would be reportable in this column made available to non-employee directors other than Mr. Kimsey, Ms. Moore, Mr. Reitan and Mr. Sørensen was less than \$10,000 per person in 2016.
- (4) Includes discounts on Company cruises and reimbursement for travel expenses for spouses accompanying the director on business.
- (5) Includes \$54,132 of discounts on Company cruises, with the remainder related to reimbursement for travel expenses for Ms. Moore's spouse when accompanying her on business.
- (6) Includes discounts on Company cruises.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Related Person Transaction Policy and Procedures

We have a written Related Person Transaction Policy that requires review of all relationships and transactions in which the Company is a participant and a related person which includes any director, executive officer or greater than 5% beneficial owner of the Company or any immediate family members of the foregoing has a direct or indirect material interest. Under this policy, each director, director nominee and executive officer is required to promptly notify the Corporate Secretary of any such transaction. The Corporate Secretary then presents such transactions to the Audit Committee and the Audit Committee is responsible for determining whether to approve or ratify the transactions. The following types of transactions are deemed not to create or involve a material interest on the part of the related person and do not require approval or ratification under the policy, unless the Audit Committee determines that the facts and circumstances of the transaction warrant its review:

transactions involving the purchase or sale of products or services in the ordinary course of business, not exceeding \$120,000;

transactions in which the related person's interest derives solely from his or her service as a director of another corporation or organization that is a party to the transaction;

transactions in which the related person's interest derives solely from his or her ownership of less than 10% of the equity interest in another person (other than a general partnership interest) which is a party to the transaction;

transactions in which the related person's interest derives solely from his or her ownership of a class of equity shares of the Company and all holders of that class of equity securities received the same benefit on a pro rata basis;

compensation arrangements of any executive officer, other than an individual who is an immediate family member of a related person; and

non-executive director compensation arrangements.

In reviewing transactions submitted to them, the Audit Committee reviews and considers all relevant facts and circumstances to determine whether the transaction is in, or not inconsistent with, the best interests of the Company and its shareholders, including, without limitation:

the commercial reasonableness of the terms;

the benefit and perceived benefit, or lack thereof, to the Company;

opportunity costs of alternative transactions;

the character of the related person's interest; and

the actual or apparent conflict of interest of the related person.

If after the review described above, the Audit Committee determines not to approve or ratify the transaction, it will be cancelled or unwound as the Audit Committee considers appropriate and practicable.

Related Person Transactions

The Audit Committee reviewed and approved or ratified the following transactions in accordance with our Related Person Transaction Policy.

During the year ended December 31, 2016, we paid Hyatt Hotels Corporation approximately \$814,000 for hotel stays of our guests and employees traveling on business and for use of Hyatt Hotels facilities for business purposes. The amount represents less than 0.02% of Hyatt's revenues for 2016 and approximately 0.3% of our transportation and lodging expense for the same period. As in prior years, there are no specific arrangements or understandings between us and Hyatt Hotels Corporation in this regard. Hyatt is a major hotel chain and it would be imprudent for us to exclude them. Mr. Thomas J. Pritzker, one of our directors, is Executive Chairman of the Hyatt Hotels Corporation.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

2016 was a strong year for the Company both operationally and financially, culminating in another consecutive year of record earnings despite a challenging geopolitical and foreign currency environment. At the end of 2016, we believe our business is well positioned, with bookings at record levels and brand preference, employee engagement and guest satisfaction scores at an all-time high. Our compensation programs responded to these outcomes as outlined below.

How We Performed

Record Adjusted EPS* of \$6.08, representing a fourth consecutive year of 20%+ year over year earnings growth

Record Adjusted Net Income* in excess of \$1.3 billion

☞ consecutive year of 15%+ year over year growth in ROIC

☞ consecutive year of yield improvement, including 5th consecutive year of onboard revenue yield growth

Continued demonstrated strong cost discipline

Rating outlook improved to positive from stable by both Moody's and S&P

Significant operational/strategic achievements, including:

Successful introduction of *Ovation of the Seas* and *Harmony of the Seas* as well as *Mein Schiff 5*

How We Paid our Executives

Continued focus on at-risk pay, with 89% of target compensation for our Chairman & CEO (and 78% for other NEOs) variable based on Company performance

Increased the percentage of the Chairman & CEO's long-term incentive compensation award allocated to performance shares from 55% to 60% (with the balance awarded in time-based RSUs).

Recognizing that the Chairman & CEO's total target compensation was below market median (40th percentile) and in light of continued high performance, increased his total target compensation by approximately 9%:

87.5% of the increase variable based on the Company's achievement of predefined target metrics;

62.5% of the increase consisted of additional equity, all of which was awarded in the form of performance shares

Paid bonus to our Chairman & CEO at 125% of target

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Secured agreements for new ship orders to maintain targeted moderate growth rate

Where appropriate to better align with the market median, increased base salary, bonus target and long-term incentive levels for the other NEOs

Completed sale of *Splendour of the Seas* and contracted to sell *Legend of the Seas*

Paid bonuses to our other NEOs between 116% and 133% of target based on exceeding defined metrics

Sale of 51% of and formation of a joint venture to operate the *Pullmantur* brand

27% dividend growth

Completion of \$500 million share repurchase program

* See Annex A for a reconciliation of non-GAAP and GAAP measures presented

We place significant focus on the design of our executive compensation programs as we believe their effectiveness is crucial to our success as a company. We assess our programs regularly and strive to continuously make improvements as well as incorporate shareholder feedback. Our 2016 executive compensation program design was generally consistent with the prior year's program with the exception of the shift to more performance-based equity for our Chairman & CEO as discussed above.

Table of Contents

In furtherance of our compensation program objectives, we maintain a high level of corporate governance standards within our executive compensation programs as follows:

What We Do	What We Don't Do
Hold our executives to meaningful stock ownership guidelines	No repricing of underwater stock options
Provide severance benefits in the event of a change-of-control only if there is an accompanying termination	No cash buyouts of underwater stock options
Offer limited perquisites or other executive-only benefits	No tax-gross up provisions on any change-of-control severance benefits
Design our programs so as not to encourage unnecessary and excessive risk taking	
Include clawback provisions for our cash and equity incentive awards	
Prohibit our employees and directors from entering into any transaction to hedge the economic risk of owning the Company's stock	
Hold an annual say-on-pay advisory vote	
Utilize an independent compensation consultant to advise the Talent and Compensation Committee	

At our 2016 annual meeting, shareholders approved our 2015 NEO compensation with over 98.3% of the votes cast in favor of our practices. Given the high level of support, the Talent and Compensation Committee did not make any significant changes to its approach to executive compensation specifically as a result of this say-on-pay vote. The Talent and Compensation Committee plans to consider the outcome of say-on-pay votes when making future compensation decisions for NEOs.

We discuss our compensation plans, policies and objectives in detail below.

Named Executive Officers

Our NEOs for the fiscal year ended December 31, 2016 are set forth below.

Name	Title
Richard D. Fain	Chairman & Chief Executive Officer
Jason T. Liberty	Executive Vice President, Chief Financial Officer
Adam M. Goldstein	President and Chief Operating Officer
Michael W. Bayley	President and Chief Executive Officer, Royal Caribbean International
Lisa Lutoff-Perlo	President and Chief Executive Officer, Celebrity Cruises

Each of the foregoing officers were also NEOs for 2015 other than Ms. Lutoff-Perlo.

Table of Contents

Executive Compensation Philosophy

We adhere to a pay-for-performance philosophy. In line with this philosophy, we have designed our compensation programs to support three main goals:

align the interests of our executives with the interests of our shareholders;

recruit, retain, and motivate an elite management team; and

reward positive contributions to both short-term and long-term corporate performance.

We provide compensation to our executives consisting of three principal elements: base salary, performance-based annual incentive bonus and equity awards. The objectives and key features of each pay element are described below.

Compensation		
Type	Pay Element	Objectives and Key Features
	Base Salary	<p>Objectives</p> <p>The Talent and Compensation Committee sets salaries to provide a level of steady income in line with expertise, experience, tenure, performance, potential and scope of responsibility.</p> <p>Key Features</p> <p>Base salaries are set annually by the Talent and Compensation Committee and, for 2016, generally targeted to the market median</p> <p>Standard increases, when appropriate, are provided based on market movements and merit</p> <p>More meaningful salary increases are only provided based on promotion or to maintain market competitiveness</p>
	Annual Incentive Bonus	<p>Objectives</p> <p>The Talent and Compensation Committee structures the Executive Bonus Plan to focus executives on annual financial and operational performance enabling them to better manage the cyclical nature of our business and to reward executives for performance relative to our short-term goals and initiatives.</p>

Key Features

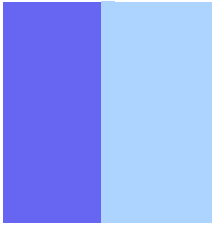
The target bonus for each NEO is set by the Talent and Compensation Committee early in the year and, for 2016, targeted to the market median; the actual value realized will adjust upward or downward based on Company and, where relevant, brand and, in the case of NEOs other than the Chairman & CEO, individual performance

For Chairman & CEO payout on 100% of target determined by Company performance against financial and operational/strategic metrics established early in the year

For other NEOs payout on two-thirds of target determined by Company performance against financial and operational/strategic metrics established early in the year; payout on remaining one-third determined based on individual performance

Table of Contents

Compensation		
Type	Pay Element	Objectives and Key Features
	Equity Awards In General	<p>Objectives</p> <p>The Talent and Compensation Committee structures equity awards to align each executive's risk and investment decisions with shareholder interests, reinforcing and rewarding the achievement of long-term goals and focusing executives on total shareholder return. The Talent and Compensation Committee also believes that long-term equity awards promote stability and corporate loyalty among our executives.</p> <p>Key Features</p> <p>The equity award for each NEO is, for 2016, targeted to the market median or between the 25th and 50th percentiles; the actual long-term value realized will adjust upward or downward based on Company and stock price performance</p> <p>Allocation of awards to the Chairman & CEO (based on grant date fair value):</p> <p>For 2016, increased performance share allocation from 55% to 60%, with the balance issued in time-based restricted stock units</p> <p>For 2017, further increased performance share allocation to 75%, with the balance issued in time-based restricted stock units</p> <p>Allocation of awards to other NEOs (based on grant date award fair value):</p> <p>For 2016, 50% performance shares/50% time-based restricted stock units</p> <p>For 2017, increased performance share allocation from to 60%, with the balance issued in time-based restricted stock units</p>
	Performance Shares	<p>Key Features</p> <p>Performance shares reward executives only if specified financial performance measures are met</p> <p>Subject to performance measures, shares generally vest three years after grant date</p> <p>Actual payout ranges from 0% to 200% of target award opportunity amount.</p> <p>For 2016, payout will be based on 2018 ROIC and 2018 Adjusted EPS</p>



Time-Based
Restricted Stock
Units

For 2017, payout will be based on 2019 ROIC and 2019 Adjusted EPS
Key Features

Generally vest in four equal annual installments, starting on the first anniversary of the grant date

Table of Contents

Our commitment to performance-based compensation is illustrated by the following pie charts, which show the mix of each compensation component at target levels for our Chairman & CEO and for our other NEOs for 2016.

The percentages in the foregoing chart for the other NEOs represent a weighted average of each element of compensation for such officers.

Market Comparison Group

The process of making compensation decisions begins with establishing a Market Comparison Group. Our Market Comparison Group is the foundation of our annual compensation review and is used to help guide the Talent and Compensation Committee's decisions regarding competitive pay levels and design architecture.

Although we strive for consistency, the companies that comprise our Market Comparison Group are developed by our independent compensation consultant and reviewed and approved annually by the Talent and Compensation Committee using the following criteria:

Availability of public information company is publicly-traded and compensation data is available in public filings

Table of Contents

Relevant industry group company included in at least one of ten leisure and tourism industry groups

Equivalent revenue companies within 0.5 to 2 times our revenue

Similar business strategy includes companies falling under hotels and motels, leisure time, leisure products and resort industry categories

Global Footprint includes companies with significant operations outside of the United States

Historical precedent companies included in the prior year's Market Comparison Group

For 2016 compensation decisions, our Talent and Compensation Committee relied on the review of our Market Comparison Group approved in August 2015. To ensure the continued applicability and relevance of our Market Comparison Group, we made changes in August 2015 (in relation to 2016 compensation) as shown below primarily due to size and global reach.

Market Comparison Group Selection Criteria

Company	Public Information	Relevant Industry Group	Equivalent Revenue	Similar Business Strategy	Global Footprint	Historical Precedent
Alaska Air Group, Inc.	Yes					
Avis Budget Group Inc.	Yes					
Caesars Entertainment Corp.	Yes					
Carnival Corp.	Yes					
Darden Restaurants, Inc.	Yes					
Expedia Inc.	Yes					
Hertz Global Holdings Inc.	Yes					
JetBlue Airways Corporation	Yes					
Las Vegas Sands Corp.	Yes					
Marriott International Inc.	Yes					
MGM Resorts International	Yes					
Norwegian Cruise Line Holdings Ltd.	Yes					
The Priceline Group Inc.	Yes					
Southwest Airlines Co.	Yes					
Starbucks Corp.	Yes					
Starwood Hotels & Resorts Worldwide, Inc.	Yes					
Wyndham Worldwide Corp.	Yes					
Yum Brands Inc.	Yes					

Company added to 2016 Market Comparison Group

Company removed from 2016 Market Comparison Group

Elements of the 2016 Executive Compensation Program**Base Salary**

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Base salaries comprise on average less than 20% of the total target compensation for our NEOs (11% for our Chairman & CEO and 22% for our other NEOs). However, base salaries are an important and customary element of pay for attracting and retaining executives. The Talent and Compensation Committee seeks to pay each NEO a level of fixed compensation that competitively reflects their scope of responsibility.

Table of Contents

The primary considerations used in adjusting base salary levels include each NEOs:

alignment with the market;

scope of responsibilities;

expertise and experience;

tenure with the organization; and

performance and potential to further our business objectives.

The Talent and Compensation Committee generally reviews salaries in the early part of each year and, if appropriate, adjusts them to reflect changes in such considerations and to respond to market conditions and competitive pressures.

In adjusting Mr. Fain's base salary, in addition to market alignment considerations, the Talent and Compensation Committee considered that Mr. Fain's base salary was last increased in 2006. We also increased the base salary of our other NEOs where appropriate to move them closer to the market median.

Name	Base Salary		Percent Change
	2015	2016	
Richard D. Fain	\$ 1,000,000	\$ 1,100,000	10.0%
Jason T. Liberty	\$ 500,000	\$ 600,000	20.0%
Adam M. Goldstein	\$ 800,000	\$ 825,000	3.1%
Michael W. Bayley	\$ 650,000	\$ 700,000	7.7%
Lisa Lutoff-Perlo	\$ 500,000	\$ 550,000	10.0%

Performance Based Annual Incentive

The opportunity for annual performance-based incentive payments under our performance-based annual incentive plan (our Executive Bonus Plan) comprises on average approximately 24% of the total target compensation for our NEOs (22% for our Chairman & CEO and 25% for our other NEOs) and is designed to reward our executives for the achievement of the Company's annual financial and strategic goals and, in most instances, recognize individual contributions.

Prior to the beginning of each year, our operating plan for that year, which takes into account our anticipated performance, our growth and profitability objectives as well as the economic climate, is prepared by management and approved by the Board. Based on this plan, we set pre-established goals for the year that will determine bonus payout levels once our financial and operational performance is evaluated and confirmed following the end of the year.

For 2016, the Talent and Compensation Committee established the following framework for the Executive Bonus Plan; this framework was generally consistent with prior years:

Target Annual Incentives:

The annual target performance-based incentive for each NEO is expressed as a percentage of base salary. In establishing the target percentage, the Talent and Compensation Committee takes into account the role and level of each executive and competitiveness with our Market Comparison Group.

Table of Contents

In 2016, the target annual incentive was increased for Mr. Bayley and Ms. Lutoff-Perlo to bring target cash compensation amounts more in line with the market median. The following table shows the 2015 and 2016 bonus targets of each NEO.

Name	2015 Bonus Target (% of base salary)	2016 Bonus Target (% of base salary)
Richard D. Fain	200%	200%
Jason T. Liberty	100%	100%
Adam M. Goldstein	130%	130%
Michael W. Bayley	110%	115%
Lisa Lutoff-Perlo	80%	100%

Metrics and Weighting:

The performance-based annual incentive for each NEO consists of up to three award components, as applicable to each NEO: Corporate, Brand and Individual performance. The Talent and Compensation Committee assigns a specific weight to each of these components based on the executive's role and his or her ability to influence the outcomes.

Based on the financial and operational performance of our Company and cruise brands, actual annual incentives were generally paid above target for our NEOs and ranged from 116.3% to 133.0% of target.

For 2016, both the Corporate and Brand bonus components were further divided into two subcomponents: financial (Adjusted EPS for Corporate and adjusted brand-specific operating income for Brand) and key performance indicators (KPIs). There were six KPIs for 2016, with equal weighting assigned to each, as follows:

KPI	Description
Net Revenue Yield	Represents net revenues per available passenger cruise day, which we believe to be the most relevant measure of our pricing performance*
Net Cruise Costs excluding fuel	Represents gross cruise costs excluding commission, transportation, onboard and other expenses, which we believe to be the most relevant indicator of our ability to control costs in a manner that positively impacts income*

Guest Satisfaction	Represents results of surveys measuring customer satisfaction with their most recent cruise, his or her intent to cruise again with us and his or her willingness to recommend others cruise with us
Employee Engagement	Represents results of shoreside and shipboard employee surveys measuring both employee satisfaction and employee engagement, which is defined as the tendency of employees to exert discretionary effort for the benefit of the Company
Safety, Security, Health and Environmental Stewardship	Represents various metrics of safety, security, environment and health performance, which we believe are key to our extremely high safety and security standards and our goal of being a good steward of the environmental resources we manage
Customer Centricity	Represents various metrics of our ability to engage with both new and repeat guests through a variety of media platforms and loyalty programs

* When determining KPI results for Net Revenue Yield and Net Cruise Costs excluding fuel, we may, in certain circumstances, exclude from the calculation certain items that we believe adjusting for is meaningful when assessing our performance on a comparative basis.

Table of Contents

As in prior years, financial results continued to be the predominant measure of both Corporate and Brand performance, comprising two-thirds of the bonus opportunity within each component. The following table shows the applicable measures and weights for each NEO.

Name	Corporate		Award Components Brand		Individual
	Financial	KPIs	Financial	KPIs	
Richard D. Fain	66.7%	33.3%			
Jason T. Liberty	44.5%	22.2%			33.3%
Adam M. Goldstein	44.5%	22.2%			33.3%
Michael W. Bayley ⁽¹⁾	22.2%	11.1%	22.2%	11.1%	33.3%
Lisa Lutloff-Perlo ⁽²⁾	22.2%	11.1%	22.2%	11.1%	33.3%

(1) Brand performance for Mr. Bayley was based on Royal Caribbean International.

(2) Brand performance for Ms. Lutloff-Perlo was based on Celebrity Cruises.

In February of each year, the Talent and Compensation Committee approves the Corporate and Brand performance targets for the upcoming year. For Corporate and Brand financial and KPI performance, performance level funding ranges from 0% to 300% at maximum. Performance level funding for the Individual component ranges from 0% to 200% at maximum.

2016 Performance

Target Adjusted EPS for 2016 was \$6.00, the mid-point of the earnings guidance we announced in February 2016. The Talent and Compensation Committee believed that this target, which was 24% higher than actual Adjusted EPS we achieved in 2015, represented a challenging performance goal and was meaningfully higher than our actual 2015 financial results.

In January 2017, we announced Adjusted EPS of \$6.08 for 2016. See Annex A for more detail regarding the reconciliation of non-GAAP and GAAP measures presented regarding Adjusted EPS. In determining the funding level for the Adjusted EPS component for purposes of 2016 bonuses, consistent with the terms of the Executive Bonus Plan, we increased Adjusted EPS by \$0.05 per share in order to account for price variances in all fuel types from prices used in the February 2016 earnings guidance, net of the effects of fuel derivatives. This adjustment avoids penalizing or benefiting management for fluctuations in fuel prices but still takes into account management's performance on energy consumption.

This resulting amount of \$6.13 per share resulted in a funding level of 126.0% for the Adjusted EPS component of the bonus which, when aggregated with 2016 performance across our six Corporate KPIs, yielded a funding level of 124.6% for Corporate performance.

Individual Measurement:

The Individual performance component of our Executive Bonus Plan awards are intended to reward managerial decision making, behavioral interaction and overall contribution. With the exception of Mr. Fain, all other NEOs have an Individual performance component. In determining the funding level of this component, the Talent and Compensation Committee considered the recommendation of Mr. Fain, including each NEO's achievement of his or her individual goals and overall contribution to our successful growth, how each one directed their area of responsibility to meet challenges in the market and the results of specific projects they were responsible for during the year.

Table of Contents*Actual 2016 Performance-Based Annual Incentive Payout*

Based on the above performance results, the following table shows the 2016 performance-based annual incentive payout as a percentage of target for each bonus award component:

Name	2016 Actual Funding Levels by Component (as a % of target)			Total Funding Level (as a % of target)
	Corporate	Brand	Individual	
Richard D. Fain	124.6%	n/a	n/a	124.6%
Jason T. Liberty	124.6%	n/a	150%	133.0%
Adam M. Goldstein	124.6%	n/a	130%	126.4%
Michael W. Bayley	124.6%	85.2%	140%	116.6%
Lisa Lutloff-Perlo	124.6%	84.3%	140%	116.3%

The following table shows each NEO's target and actual bonus award for 2016. The 2016 actual Bonus awards for all of our NEOs were above target, reflecting the Company's strong results and our pay for performance philosophy.

Name	2016 Target Payout	Actual 2016 Annual Incentive Plan Payout by Component			Actual Total 2016 Payout	Actual Total 2015 Payout
		Corporate	Brand	Individual		
Richard D. Fain	\$ 2,200,000	\$ 2,740,222	n/a	n/a	\$ 2,740,222	\$ 2,426,667
Jason T. Liberty	\$ 600,000	\$ 498,247	n/a	\$ 299,970	\$ 798,217	\$ 637,775
Adam M. Goldstein	\$ 1,072,500	\$ 890,617	n/a	\$ 464,704	\$ 1,355,320	\$ 1,291,908
Michael W. Bayley	\$ 805,000	\$ 334,291	\$ 228,508	\$ 375,629	\$ 938,428	\$ 834,435
Lisa Lutloff-Perlo	\$ 550,000	\$ 228,398	\$ 154,494	\$ 256,641	\$ 639,532	\$ 401,786

Awards under our Executive Bonus Plan, including awards to our NEOs, may be subject to clawback if the Company is required to restate its financial results for the bonus plan year and it is determined that the subject executive's fraud, negligence or intentional misconduct was a significant contributing factor to the restatement.

Long-Term Incentive Awards

Our long-term incentive award program is the most significant element of our overall compensation program and comprises on average 59% of target total compensation for our NEOs (67% for our Chairman & CEO and 54% for our other NEOs). We structure our long-term program to align with shareholder interests, reward the achievement of long-term goals and promote stability and corporate loyalty among the executives. We use a combination of performance shares and time-based restricted stock units (RSUs) in our long-term incentive program to effectively and efficiently balance performance and retention objectives.

Each February, the Talent and Compensation Committee determines the target equity award value to be delivered to each NEO. As in prior years and consistent with competitive market practice, in 2016, our long-term incentive awards for our NEOs consisted of a mix of performance shares and RSUs as follows:

Name	2015 Allocation	2016 Allocation
Richard D. Fain	55% performance shares, 45% RSUs	60% performance shares, 40% RSUs
Jason T. Liberty	50% performance shares, 50% RSUs	50% performance shares, 50% RSUs
Adam M. Goldstein	50% performance shares, 50% RSUs	50% performance shares, 50% RSUs
Michael W. Bayley	50% performance shares, 50% RSUs	50% performance shares, 50% RSUs
Lisa Lutloff-Perlo	50% performance shares, 50% RSUs	50% performance shares, 50% RSUs

The change in the CEO's 2016 allocation was made to even further align his pay and performance.

Table of Contents

In determining the appropriate long-term incentive award value, the Talent and Compensation Committee considers:

the compensation paid to comparable executives in the Market Comparison Group;

a review of other elements of compensation; and

the NEO's contribution to the overall results of the Company.

While we strive to deliver target long-term incentive awards at market, our award levels have traditionally been slightly below the market median. Despite increases in 2015, the peer review completed in late 2015 showed that, with the exception of the CEO, our long-term incentive award values were still below market, in most cases at the 25th percentile of the market or between the 25th and 50th percentile of the market. Coming off another strong performance year, the Committee wanted to take the opportunity to reflect not only the deficit to market but also the results the team continues to deliver. Accordingly, to achieve the desired level of market competitiveness and reflect performance, the Talent and Compensation Committee approved the following increases in the target award values for each of our NEOs in 2016.

Name	Long-Term Incentive Awards		
	2015 Grant Values	2016 Grant Values	% Change
Richard D. Fain	\$ 6,000,000	\$ 6,500,000	8.3%
Jason T. Liberty	\$ 800,000	\$ 1,200,000	50.0%
Adam M. Goldstein	\$ 1,600,000	\$ 1,900,000	18.8%
Michael W. Bayley	\$ 1,500,000	\$ 2,250,000	50.0%
Lisa Lutoff-Perlo	\$ 800,000	\$ 1,100,000	37.5%

RSU Vesting Schedule

To promote retention (and except as provided in connection with our Vesting into Retirement Policy to the extent applicable), the RSUs vest in equal annual installments over a four year period commencing on the first anniversary date of the grant. As the RSU awards are inherently tied to the performance of our common stock, we consider a vesting schedule based on continued service appropriate to provide both a retention and performance incentive.

Performance Share Plan Mechanics and Results

As outlined above, at le