

2022 Sustainability Report

About this report

McDermott's 2022 Sustainability Report demonstrates our dedication to transparency in pursuit of improved sustainability performance and responsible operations.

It provides an overview of important Environmental, Social, and Governance (ESG) topics, our strategies for managing risks and opportunities, and our performance measured against stated ESG goals and targets. The 2022 Sustainability Report marks our third consecutive annual sustainability report.

REPORTING PERIOD

January 1, 2022 – December 31, 2022
(unless otherwise noted)

REPORT BOUNDARIES

- Our 2022 Sustainability Report covers activities under direct operational control of McDermott International, Ltd., including our headquarters in Houston, Texas, USA
- All financial data is presented in U.S. dollars (unless otherwise noted)

We welcome your feedback and questions about our ESG strategy and performance. Please direct them to sustainability@mcdermott.com

IMAGERY

Some of the images used in this report are artistic impressions.

REPORTING METHODOLOGIES AND FRAMEWORKS

McDermott referenced the following international and industry best practices and ESG frameworks, as applicable, to develop our 2022 Sustainability Report:

- Global Reporting Initiative (GRI) Standards
- Task Force on Climate-Related Financial Disclosures (TCFD) framework
- Value Reporting Foundation's Sustainability Accounting Standards Board (SASB) Infrastructure – Engineering & Construction Services (IF-EN) metrics
- United Nations Sustainable Development Goals (UNSDGs)
- International Petroleum Industry Environmental Conservation Association (IPIECA), International Association of Oil & Gas Producers (IOGP), and American Petroleum Institute (API) sustainability reporting guidance.

ASSURANCE AND REVIEW

We continue to trust our Internal Audit and Financial Reporting teams for review of information and data contained in this report as we explore third-party assurance options for our future reports.

ADDITIONAL INFORMATION

McDermott cautions that statements in this communication which are forward-looking, and provide other than historical information, involve risks, contingencies, and uncertainties that may impact McDermott's actual results of operations. These forward-looking statements include, among other things, statements about McDermott's sustainability targets and the associated timing to achieve those targets. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. Those statements are made by using various underlying assumptions and are subject to numerous risks, contingencies, and uncertainties, including, among others: adverse changes in the markets in which we operate or credit or capital markets; our inability to successfully execute on contracts in backlog; changes in project design or schedules; the availability of qualified personnel; changes in the terms, scope or timing of contracts, contract cancellations, change orders, and other modifications and actions by our customers and other business counterparties; changes in industry norms; actions by lenders and other creditors of McDermott and adverse outcomes in legal or other dispute resolution proceedings. If one or more of these risks materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected. This communication reflects management's views as of the date hereof. Except to the extent required by applicable law, McDermott undertakes no obligation to update or revise any forward-looking statement.

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Driving change for a sustainable future

Our Path Forward

A message to our stakeholders

We embrace McDermott's role, responsibility, and opportunities in supporting energy security and transition. Our work enables the development of secure, reliable, and affordable energy and helps our customers develop cleaner and more-efficient ways to find, produce, deliver, and consume energy. Our commitments to customers, employees, our planet and future generations mean minimizing our environmental impact and partnering with our customers to support this transition.

OUR PROGRESS

We are proud of McDermott's successes in 2022 in sustainability. We achieved industry-leading safety performance, reduced our carbon footprint—including at the facilities we design and build for our customers—achieved local content targets ahead of schedule, scaled human rights due diligence across our operations, and supported local communities through social investment programs. We remain committed to delivering positive change in our communities and across the industry and the world.

In 2022, McDermott embarked on our largest offshore wind project to date as we also continued to progress some of the most complex energy infrastructure projects around the world. We welcomed new partnerships in the energy transition space to advance carbon capture technologies and to support the circular economy.

DELIVERING OUR COMMITMENTS

Sustainability and ESG are core to—and integrated across—our business. As our customers set carbon reduction targets and work to meet and exceed stakeholder expectations, they increasingly rely on McDermott for innovative methods and long-term, real-world experience. McDermott brings low-emissions engineering, procurement and construction solutions delivery, advanced know-how in modularization, a global asset base including integrated fabrication capacity, and more than 100 years of managing complexity, making McDermott the right partner to advance global decarbonization.

Our commitment to our communities is reflected in our social investment programs, local engagement, purchasing programs, workforce development, and training initiatives are creating real, long-term impacts. We are proud of our strategic, fit-for-purpose programs that are helping local communities thrive.

OUR PEOPLE

None of this would be possible without our unique and incredible workforce and their diverse skills and experiences. We are proud to have a global McDermott family that values integrity, inclusion and collaboration with employees from more than 35 countries, representing over 100 nationalities and bringing enormous diversity of experience. Gender diversity continues to be a challenge across the engineering and construction industry and for us, and we think it is important to celebrate progress. In 2022, we welcomed 815 new female employees, and 16% of job promotions were women.

OUR REPORT

In this report, we have shared our goals and our progress supporting the energy transition. We are confident that our dedication to good ESG and innovation and our long history of managing complexity will continue to make McDermott a partner of choice and a strong contributor to our customers, the industry, and society.



Michael Mckelvy,
President And Chief Executive Office

Rachel Clingman,
Executive Vice President, Sustainability And Governance

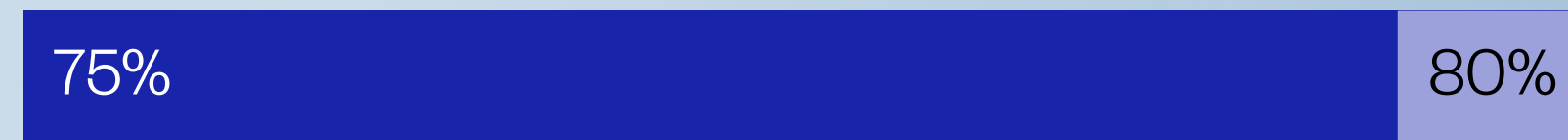
2022 sustainability accomplishments and highlights



Progress to date – 2022

SIGNATURE SOCIAL INVESTMENT PROGRAMS

Goal: Implemented at 80% of our significant sites* by 2023



LOCAL CONTENT

Goal: Considered excellent at 75% of our significant sites* by 2023



SOCIAL RESPONSIBILITY PROGRAMS

Goal: 75% of significant sites* have social responsibility programs by 2023



HUMAN RIGHTS DUE DILIGENCE

Goal: 100% participation at our significant sites by 2023



ZERO OFFICE WASTE

Goal: Zero office waste to landfill by 2025



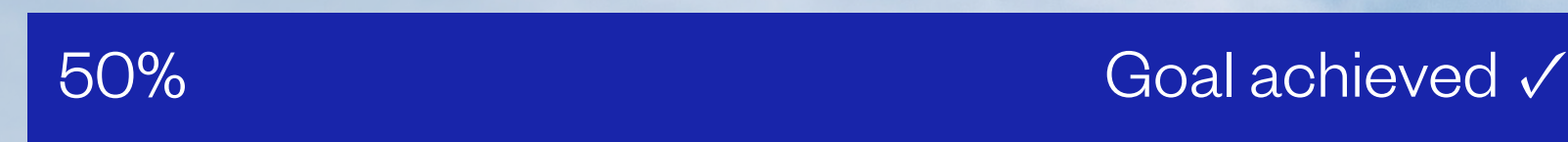
FACILITIES WE DESIGN AND BUILD FOR CUSTOMERS

Goal: Significantly reduce carbon footprint by 2025



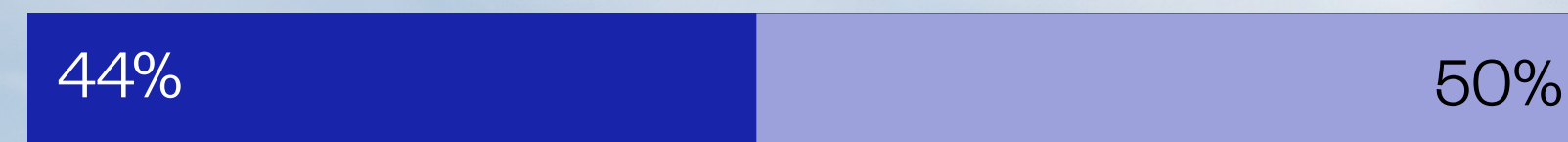
WASTE REDUCTION

Goal: 50% waste reduction by 2030



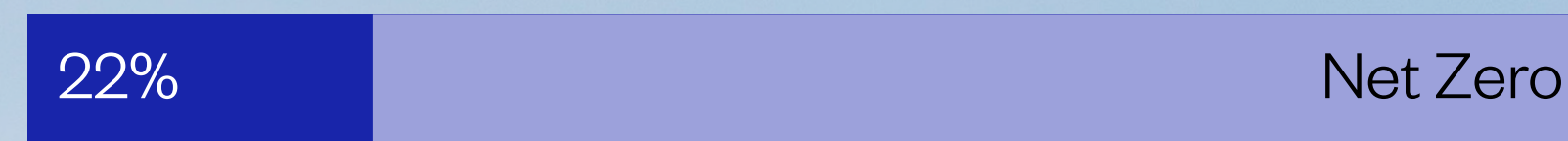
GHG EMISSIONS

Goal: 50% reduction in scope 1 & 2 GHG emissions by 2030



GHG EMISSIONS

Goal: Net Zero scope 1 & 2 by 2050



*Significant sites are categorized as yards and sites executing \$1 billion USD or more in project value and includes Batam Fabrication Yard (Indonesia), Jebel Ali Fabrication Yard (United Arab Emirates), Altamira Fabrication Yard (Mexico), Qatar Fabrication Yard (Qatar), Qingdao McDermott Wuchuan (QMW) Fabrication Yard (China), Tilenga project site (Uganda), Golden Pass LNG project site (Texas), and Mozambique LNG project site (Mozambique).

In 2020, we announced an intent to achieve specific, numeric reductions in supply chain emissions by 2030. While we remain committed to reducing our environmental footprint across our value chain, a numeric target is currently premature. We are working with suppliers and stakeholders to refine our scope 3 methodology and to improve accounting accuracy related to our supply chain.

In 2020, we joined the Science Based Targets initiative (SBTi). We continue to follow the work of SBTi; however following changes in SBTi's policy on companies within our sector, we have been removed from the list of "Companies Taking Action".



We are building the **future** of the **energy** industry

McDermott is a leading provider of engineering, procurement, construction, and installation (EPCI) services for the energy industry.

Our capabilities extend across the upstream and downstream energy value chain to deliver onshore, offshore, subsea, and floating solutions for projects around the world.

The markets we serve include upstream, refining, chemicals and petrochemicals, liquefied natural gas (LNG), industrial storage, water and wastewater, and energy transition.

[→ Learn more about What we do](#)

Our commitment to doing the right thing remains at the center of who we are. We innovate and invest in technologies that enable our customers to responsibly harness and transform global energy resources into the products the world relies on. From low carbon delivery to the development of circular economy and new energy solutions, we are making an increasing contribution to the transformation of global energy systems.

OUR VALUES

We are fully committed to the highest standards of safety, quality, and ethics, and these underpin everything we do. The principles that empower our vision are embodied in our five values: Integrity, One Team, Go Beyond, Well-Being, and Commitment.

[→ Learn more about our Vision and values](#)



What sets us apart

With a long history of record-breaking achievements, we lead the way in delivering the world's most complex projects.

From front-end engineering design (FEED) through to operations, McDermott's integrated business provides a competitive advantage.

Our established fabrication facilities in diverse geographic locations enable industry-leading modularized construction that reduces cost, time, and creates efficiencies thereby reducing a projects' environmental footprint.

Our diversified fleet of marine construction vessels brings our expertise to remote project locations around the world providing us with the unique ability to delivery complex offshore projects.

We integrate systems, assets, and people from concept through to commissioning, enabling us to measure, manage, report, and reduce carbon emissions for ourselves and our customers consistently.

With operating control of the full project lifecycle, we have the ability to influence project emissions across the value chain, reliably reporting and proactively identifying low emission pathways across each stage of project execution.

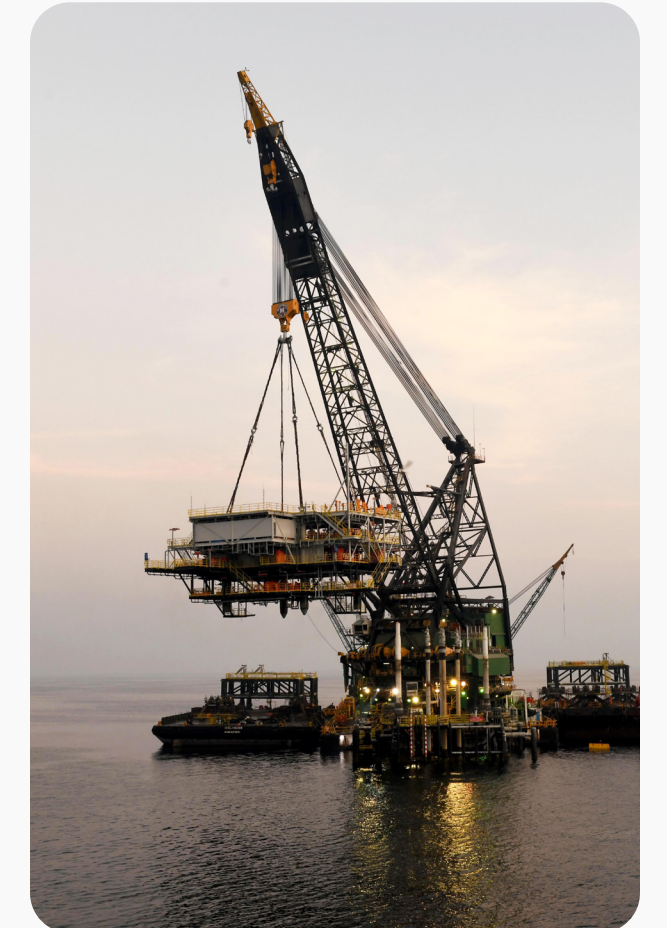
27,000+
employees



37
countries



8
marine
construction
vessels



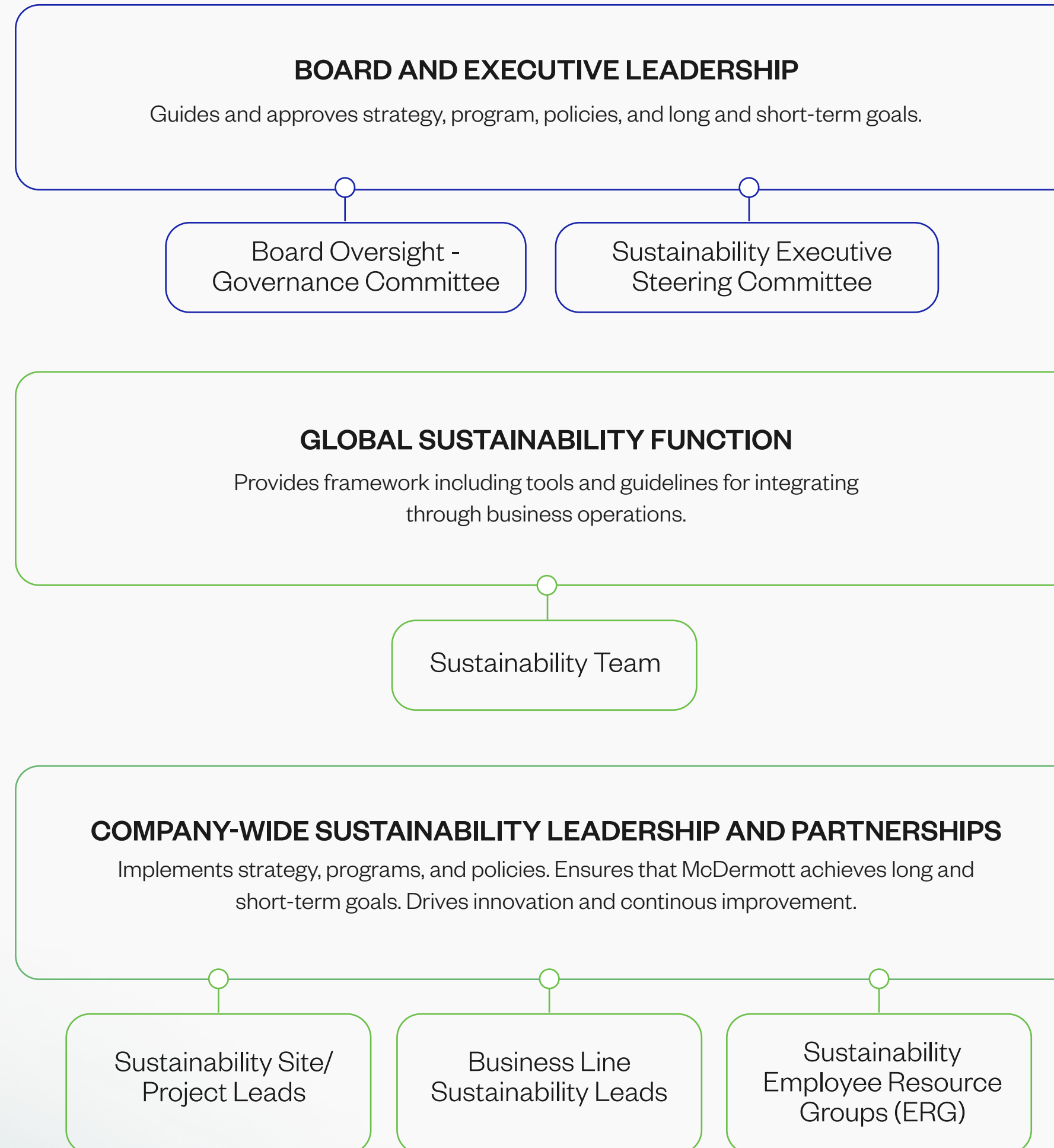
10
fabrication
facilities



Our approach to sustainability

With operations, people, and projects all over the world, it is critical that our approach to sustainability is integrated through all parts of our business.

Our people are critical to meaningful integration of sustainability through our business operations and practices. This starts with our Board and Executive Leadership team and runs through to our dedicated global sustainability function and sustainability leads embedded within every project and operating site.



Climate-related risk process and TCFD

We are committed to proactive management of climate related risks and opportunities.

In 2022, we continued towards aligning with TCFD recommendations. We made a first, voluntary, submission to the CDP platform and are using learnings from that process in our planning. We also initiated a formal process to identify and prioritize climate-related risks and opportunities material to our business and stakeholders. Cross-functional subject matter experts and leaders collaborated to identify and prioritize physical and transition climate-related threats and opportunities over a 30-year time horizon based upon potential impact and need for action. In 2023, the climate risks identified will be measured using McDermott's existing ERM materiality and probability metrics.

SCENARIOS AND IDENTIFIED CLIMATE-RELATED RISKS

The cross-functional team used three scenarios developed by [Network for Greening the Financial System \(NGFS\)](#):

- Net Zero 2050
- Divergent Net Zero
- Current Policies

Risks and opportunities identified as having the largest potential impacts to our business are:

- Disruption of supply chains
- Sea level rise and flooding / extreme weather
- Damage to / lack of access to required infrastructure

- Heat stress causing health and safety risk / downtime losses
- Energy transition opportunities and threats
- Increased regulation and change in laws around ESG and climate

We are now using learnings from the scenario assessments to refine strategies and focus areas.

CLIMATE RELATED RISK GOVERNANCE

The Governance Committee of McDermott's Board of Directors oversees our management of climate risk. The Committee meets at least quarterly and reviews the goals and progress of the global sustainability program managed by our Executive Vice President of Sustainability and Governance, our Executive Committee, and the global sustainability function.

Following Committee review, the identified climate risks are being incorporated into the Company's existing [Enterprise Risk Management \(ERM\) program](#). Climate risk mitigation and opportunity plans will be developed using the ERM process, integrated into corporate and operational strategy, and managed by identified risk owners with oversight from the executive management team.

Consistent with our commitment to emission reduction, our 2022 executive compensation plans included specific targets to increase our use of renewable energy at onshore facilities.

Materiality and stakeholder engagement

We recognize that the success and sustainability of our business is dependent on multiple factors, including creating and implementing a business strategy with clear objectives, targets, and goals based on materiality and risk to McDermott as a company; and our stakeholders.

WHAT IS IMPORTANT TO OUR BUSINESS

Our Sustainability program includes conducting a formal materiality assessment every three years to identify environmental, social, and governance (ESG) priorities, risks, opportunities, and emerging issues. Our next formal materiality assessment is planned for 2023. In the interim, we review and update the materiality assessment annually, capturing changing and evolving material issues and opportunities while still progressing towards our business strategy and goals.

In 2022, we elevated our focus on our customer's ESG priorities and needs. Engaging with customers and studying their priorities by geographies and business operations influenced our plans and priorities in 2022 and beyond.

Environmental

- 
Scope 1 & 2 GHG Emissions
- 
Circularity and Resource use
- 
Customer operating GHG emissions
- 
Supply chain GHG emissions

Social

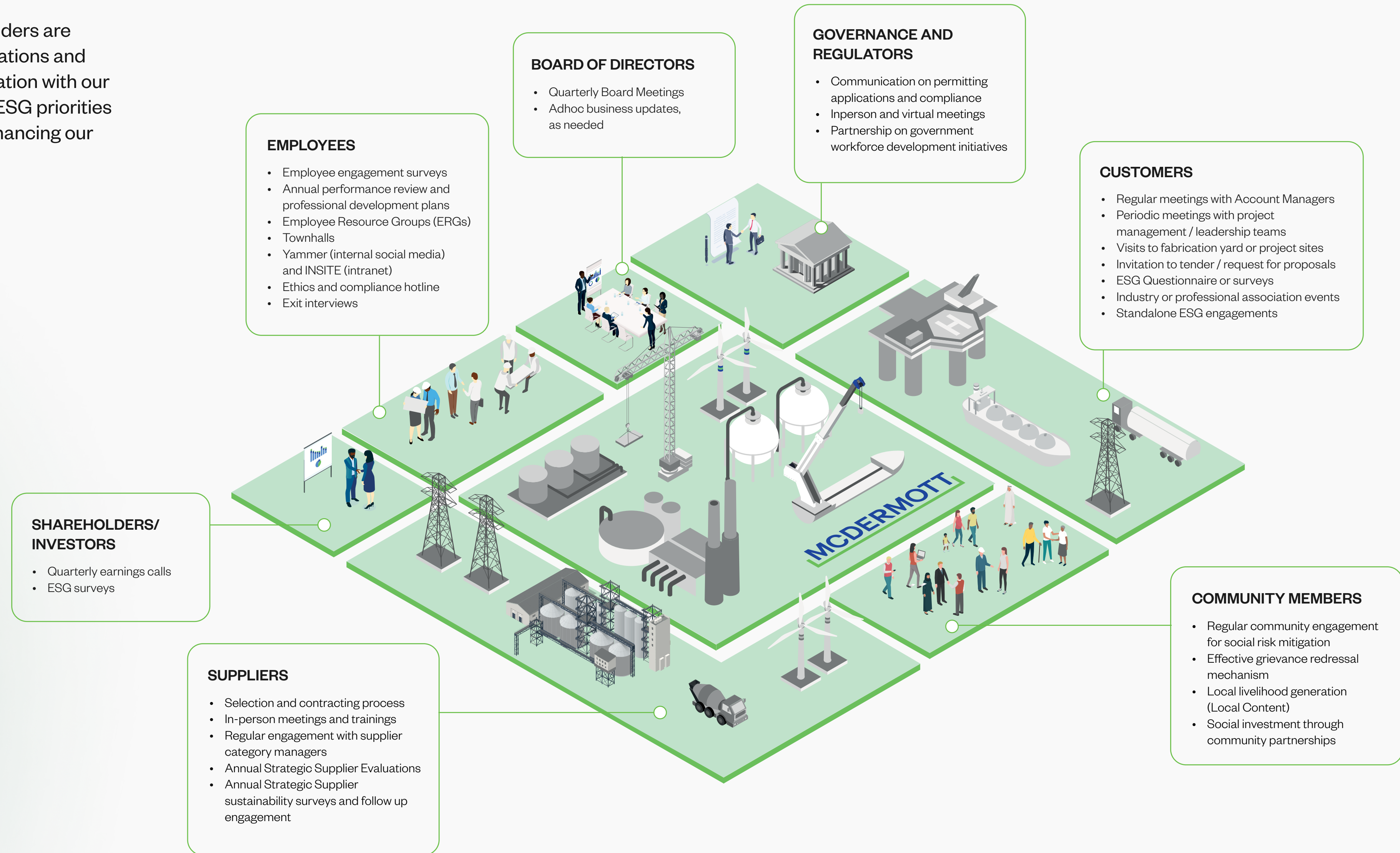
- 
Human Rights & Workers Welfare
- 
Local Content
- 
Social Responsibility
- 
Diversity Equity and Inclusion
- 
Supplier Diversity

Governance

- 
Sustainability Management and Reporting
- 
Ethics, Compliance and Governance
- 
Sustainability Strategy and risk

STAKEHOLDER ENGAGEMENT

As a global company, our stakeholders are worldwide with competing expectations and requirements. Regular communication with our various stakeholders informs our ESG priorities and sustainability efforts while enhancing our overall business strategy.



Environmentally-sound solutions moving us towards a better tomorrow

Sustainable Solutions



Innovative solutions that contribute to a sustainable future



McDermott brings a holistic ESG approach to complex projects across their lifecycle.

We strive to be the best partner for customers who prioritize sustainable design and delivery and long-term value. Using our expertise in project delivery, innovative engineering, and self-owned and operated construction assets, we collaborate with customers and suppliers to increase efficiency, mitigate risks, reduce emissions, and minimize waste generation.

At McDermott, we actively seek opportunities to engage in pioneering projects that reduce emissions across the energy industry's value chain. For example, by building the world's lowest emission liquefied natural gas (LNG) facility, and building new transmission capacity for offshore wind farms.



Providing sustainable solutions

We are dedicated to innovating and creating new solutions to lead the energy transition and improve environmental performance within the oil and gas industry, supporting decarbonization and the continuity of energy supply.

These capabilities, combined with our low-emissions EPCI delivery, modularization know-how, global asset base, and over a century of engineering and direct construction experience, make McDermott the flexible end-to-end solutions partner for lower emissions in hard-to-abate sectors.



OFFSHORE WIND

Offshore and marine construction expertise

- Project management, schedule integration
- Management of complex logistics
- Experienced marine contractor in all regions
- Global in-house fabrication capacity



HYDROGEN

Integration at scale from generation to conversion

- Full value chain integration (concept to EPC/Onshore - Offshore)
- Technology selection advisor
- Storage leadership in H2 and H2 carriers
- Track record enhances project "bankability"



CCUS

End-to-end delivery from capture to sequestration

- Full value chain integration (concept to EPC/Onshore - Offshore)
- Technology selection advisor
- Standard capture and compression solutions to enhance project viability and execution



CIRCULAR ECONOMY

Process expertise redeployed to turn waste into value

- Over 60 years of process work track record
- Strategic relationship with Lummus Technology (Green Circle)
- Well-positioned storage solutions: multiple anaerobic digesters, biogas storage, and handling projects



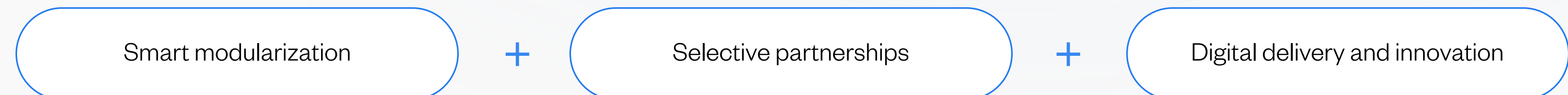
NETZERO SOLUTIONS

Pathways to decarbonize traditional energy sources

- Onshore and offshore global expertise in traditional energy
- Developing low carbon footprint pathways to design and build low-emissions oil and gas assets

DIFFERENTIATION:

Driven by:





Offshore wind

Large High-Voltage Direct Current (HVDC) converter platforms are increasingly required as offshore wind farms are installed further from the shoreline.

McDermott combines decades of offshore technical experience with fully integrated engineering, procurement, construction, installation (EPCI), and commissioning services, to offer the right combination of complicated engineering and large-scale fabrication needed to construct offshore HVDC converter platforms for new wind farm projects. In 2022, we continued evaluations to integrate offshore wind developments with hydrogen production.



TENNET BORWIN6 980MW HIGH-VOLTAGE DIRECT CURRENT (HVDC) PROJECT

Our integrated EPCI delivery model, combined with nearly a century of experience executing some of the most challenging offshore projects in the world, make us ideally suited to support TenneT on this important offshore grid connection project.

Fabrication executed in

3

McDermott yards
Jebel Ali, QMW & Batam

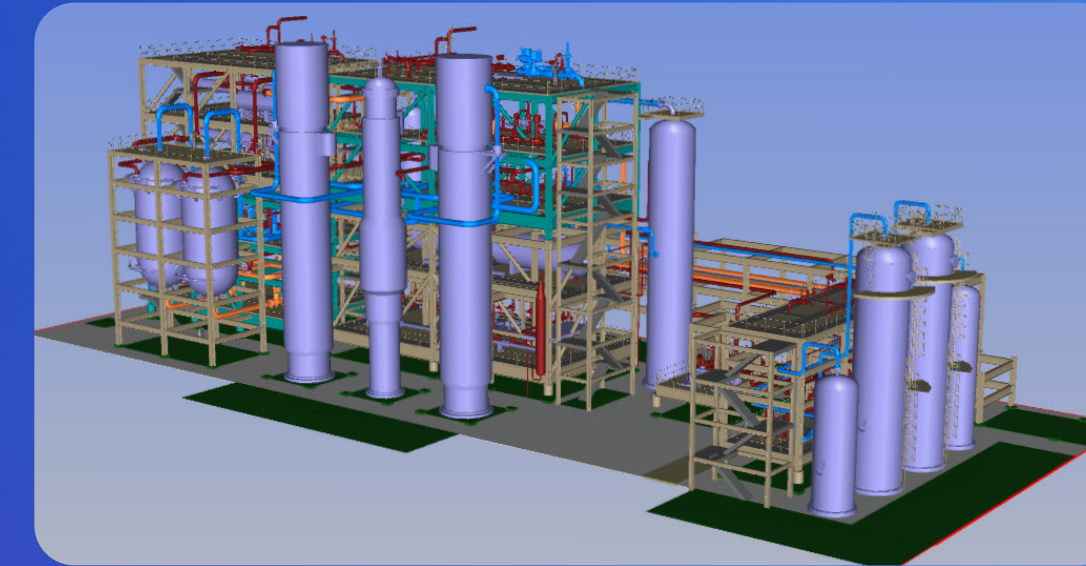




Hydrogen

Our hydrogen strategy focuses on green hydrogen produced by electrolysis using renewable energy, and blue hydrogen produced from natural gas with carbon capture and storage.

We have partnerships with developers of proton exchange membrane and alkaline electrolysis technologies and with methane reforming licensors to optimally scale facility sizes.



MCDERMOTT AND JOHNSON MATTHEY COLLABORATION

Together with a world-leading technology licensor Johnson Matthey, McDermott completed a study to modularize 355 MWHHV and 710 MWHHV Low Carbon Hydrogen (LCHTM) plants, including the balance of plant facilities. The team also performed CAPEX modeling for global site locations, identifying key cost drivers, enhancing the estimate with pricing from suppliers of critical equipment and systems, and obtaining input from McDermott's in-house Fabrication Yards.

GUNVOR GREEN HYDROGEN IMPORT TERMINAL PROJECT

Front-End Engineering Design (FEED) contract from Gunvor Petroleum Rotterdam B.V. for the Green Hydrogen Import Terminal project, which is part of Gunvor's program to transform their Rotterdam facility into a green energy hub.

WOODSIDE H2PERTH

Pre-FEED services for a proposed export-scale production facility for renewable and lower-carbon hydrogen and ammonia. Hydrogen will be produced using electrolysis technologies and natural gas reforming with carbon emissions abated or offset.

PLUG POWER

McDermott was awarded a contract for engineering, procurement, and construction of two 500,000-gallon double-wall liquid hydrogen spheres for Plug Power's new green hydrogen production facility in New York. Separately, McDermott collaborated with Plug Power on a 1GW concept design to accelerate the development of green hydrogen projects.

[Watch video](#)



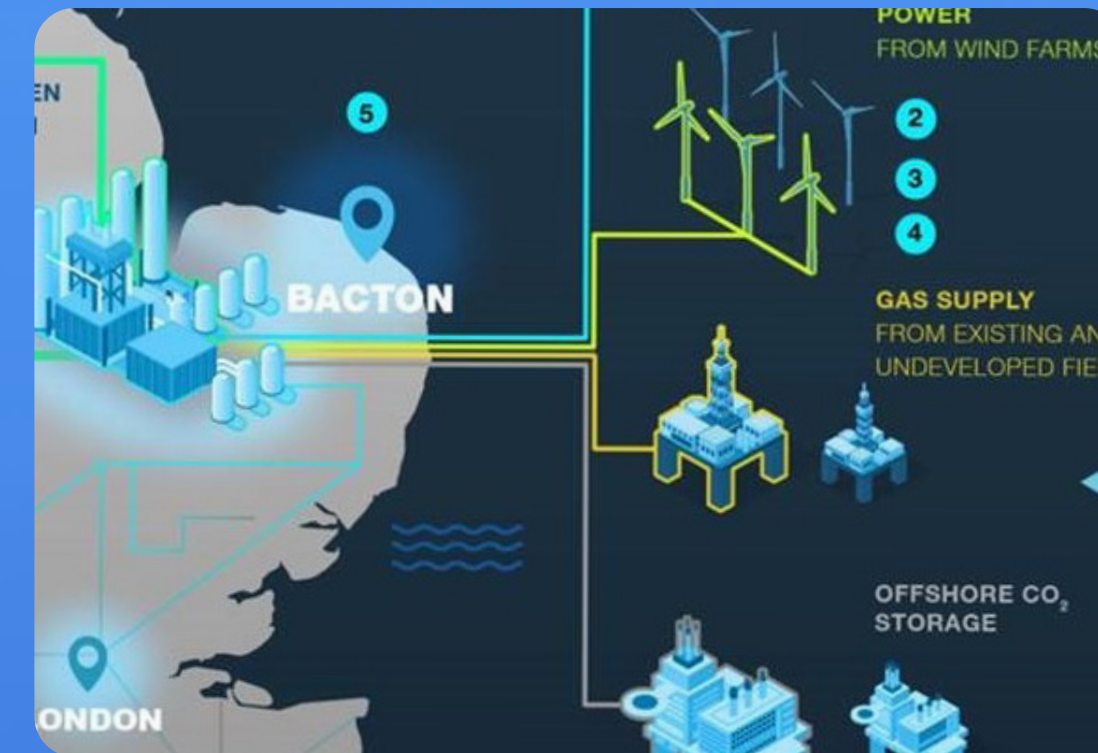


Carbon capture utilization, and storage (CCUS)

CCUS is a vital tool in recognized climate-change limiting pathways.

McDermott's strategy focuses on both point-source CO₂ capture from large scale combustion equipment, such as that used in steel production, as well as capturing CO₂ from the atmosphere, known as direct air capture. McDermott supports customers through carbon capture technology evaluations and has developed expertise in optimizing and integrating these technologies into larger developments.

We are working in partnership with pilot-stage technologies to reduce the cost of capture through scale, innovation, and integration with existing solutions.



BACTON ENERGY HUB

McDermott joined a group of industry experts focused on unlocking the potential for a hydrogen-led energy hub located at Bacton, Norfolk, UK. The UK North Sea Transition Authority (NSTA) is spearheading the Bacton Energy Hub project, which aims to deliver a sustainable hydrogen supply by adding low-carbon hydrogen production, carbon capture, and utilization storage (CCUS) facilities by 2030. Also, through the development of offshore wind, it is aiming to develop renewable hydrogen production as part of the energy supply transition by 2050.

MCDERMOTT, CSIRO TEAM UP TO ADVANCE CARBON CAPTURE TECHNOLOGIES

Collaboration between McDermott International and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australia's premier national science organization, has been established to evaluate technical and commercial opportunities for the deployment of CSIRO's carbon capture technologies for energy and heavy industry applications.

TATA STEEL HERACLESS PROJECT

McDermott International was selected by Tata Steel IJmuiden B.V. to be part of an Integrated Project Management Team to shape and manage the execution of project Heraclless (hydrogen era, carbonless). The project is located at Tata Steel's facilities in IJmuiden and is focused on the implementation of Direct Reduced Iron Plant and Reducing Electrical Furnace technology at the facility, as the basis for Tata Steel's sustainable hydrogen-based steel production.





Circular economy

McDermott's circular economy strategy focuses on chemical and advanced recycling developments leveraging our experience of more than 60 years in the petrochemical industry.

In 2022, we undertook a technical due diligence study on behalf of a major sector customer for Sustainable Aviation Fuels. The scope included licensor engagement, facility integration, and establishing a value proposition for ongoing developments. Further, we conducted an internal design study for waste-to-value feedstock conditioning sites.

RECYCLING FEED CONTRACTS

Secured two Front End Engineering Design (FEED) contracts with Michelin Group in France; one for the initial industrialization of the recycling process that converts polystyrene into regenerated styrene, and the other for a cutting-edge waste tire recycling technology that facilitates the large-scale production of carbon black.



Carbon black remains a key ingredient in advancing the next generation of sustainable tires



NETZERO / Low carbon solutions

McDermott's low carbon solutions are the development of decarbonization options for the construction and operation of upstream, liquefied natural gas (LNG), and downstream oil and gas projects.

Our in-house design expertise, together with our self-perform fabrication and construction capability, provide unique opportunities to reduce emissions across the project life cycle.

E-DRIVE LNG PROJECTS

An e-Drive LNG facility uses large electric motors to drive the refrigerant compressors instead of gas turbines, eliminating the GHG emissions associated with them. E-drive LNG facilities offer an opportunity to utilize power from low-carbon sources for the liquefaction process.

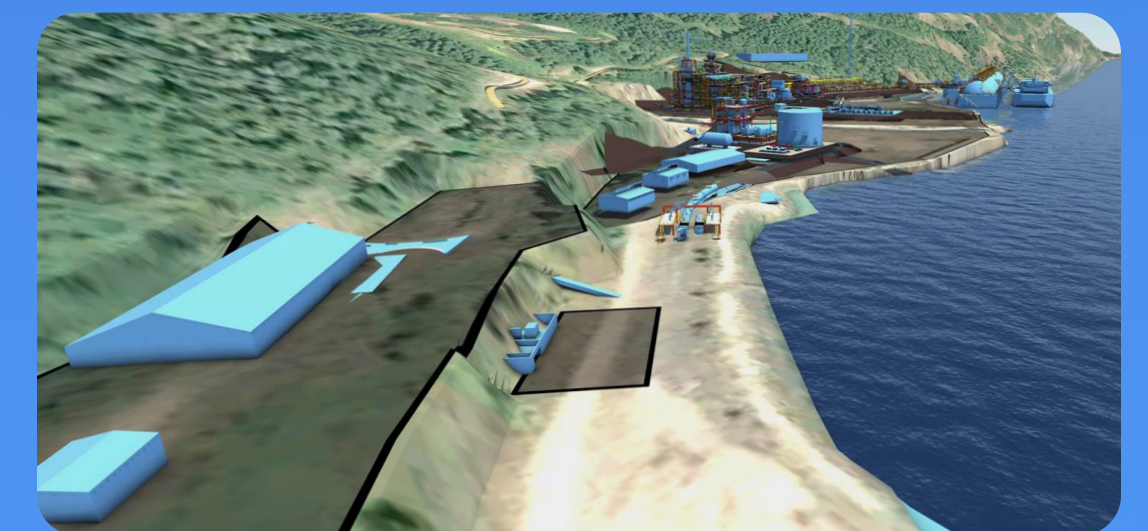
G2 NET-ZERO FEED CONTRACT FOR A ZERO EMISSIONS NET POWER PLANT

Front-End Engineering Design (FEED) contract for the development of a net-zero power generation plant for G2 Net-Zero in Southwest Louisiana. The facility will use breakthrough technology developed by NET Power to provide emission-free electricity, liquefied natural gas, and industrial by-products like blue ammonia, argon, nitrogen, hydrogen, and oxygen.



WOODFIBRE LNG

Woodfibre LNG will be the cleanest liquefied natural gas export facility on earth, achieved through the adoption of a low-emission philosophy across every element of engineering and design. The facility will use hydroelectricity for the main liquefaction process and includes state of the art technology that enables liquefaction machinery to restart without flaring, a recycling system for "boil-off" gas, and additional transformers, switchgear, and transmission lines.



Smart modularization

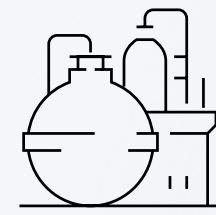
For more than 50 years, we've delivered complex modular solutions across the energy value chain.

Our modular building block approach accelerates execution timelines, improves risk profiles, and reduces cost through a combination of standardized designs, and fabrication in a controlled environment.

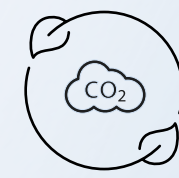
Our expertise in smart modularization includes developments in hard-to-abate sectors such as steel production and both onshore and offshore projects.

[→ Learn more about Modular construction](#)

In 2022, we developed modularized solutions to:



construct and deliver
Green and Blue
hydrogen facilities



deploy CO2 capture,
compression,
and treatment



179,343T
modular fabrication
completed in 2022

Partnerships and collaborations

McDermott remains engaged with multiple academic institutions globally to collaborate on alternatives to achieve net-zero targets.

In 2022, McDermott joined the Massachusetts Institute of Technology (MIT) Energy Initiative as part of the Future of Energy Systems Center. The Center addresses the role that energy systems can play in accelerating the energy transition and solving the climate crisis. As the only EPCI partner of the center, we provide valuable insight into the deployment and scale-up of low-carbon technologies to support full energy system decarbonization.

H2@SCALE IN TEXAS AND BEYOND

As we continue to progress our public-private partnerships such as our H2@Scale engagements with the U.S. Department of Energy, we are also scaling up McDermott's CB&I technology for liquefied hydrogen spheres and developing fully integrated renewable and low-carbon hydrogen demonstration and framework in Texas.

TECHNOLOGY PARTNERSHIPS ACROSS THE ENERGY TRANSITION



Digital delivery and innovation

McDermott is powered by innovation. We are committed to improving the way we work and how we deliver quality, safety, and environmental stewardship in all that we do.

McDermott's use of technology improves all aspects of our business—from leveraging advanced data analytics to pioneering new, more effective paths forward, to introducing automated or remote execution solutions.

Our digital-driven culture empowers our people to innovate and develop tools to design and build sustainable lower carbon infrastructure projects globally, as demonstrated through initiatives such as:

- **Internal Design Competition:** R&D efforts utilizing diverse people, locations, and projects for sustainable solutions.
- **Knowledge Management, Innovation, and Research (KMIR):** Developing digital and differentiating technologies to deliver world class projects
- **Global Expert Network (GEN):** Identifies technical authorities and subject matter experts
- **Community of Practice (CoP):** Provides training and awareness of new trends
- **Academic Partnerships:** Engage specific disciplines to support KMIR
- **AI & Digital Tools:** Leverage best practices with technology to maximize efficiency

→ For more information about how our innovations and use of technology influence our work, visit our website: [Technology](#).

DIGITAL PROJECT DELIVERY IN CONSTRUCTION

Throughout 2022, we continued to develop and implement software and advanced data analytics to support decarbonizing construction of critical energy infrastructure.

SubseaXD™

In 2022, SubseaXD enhanced conception and delivery of projects including:

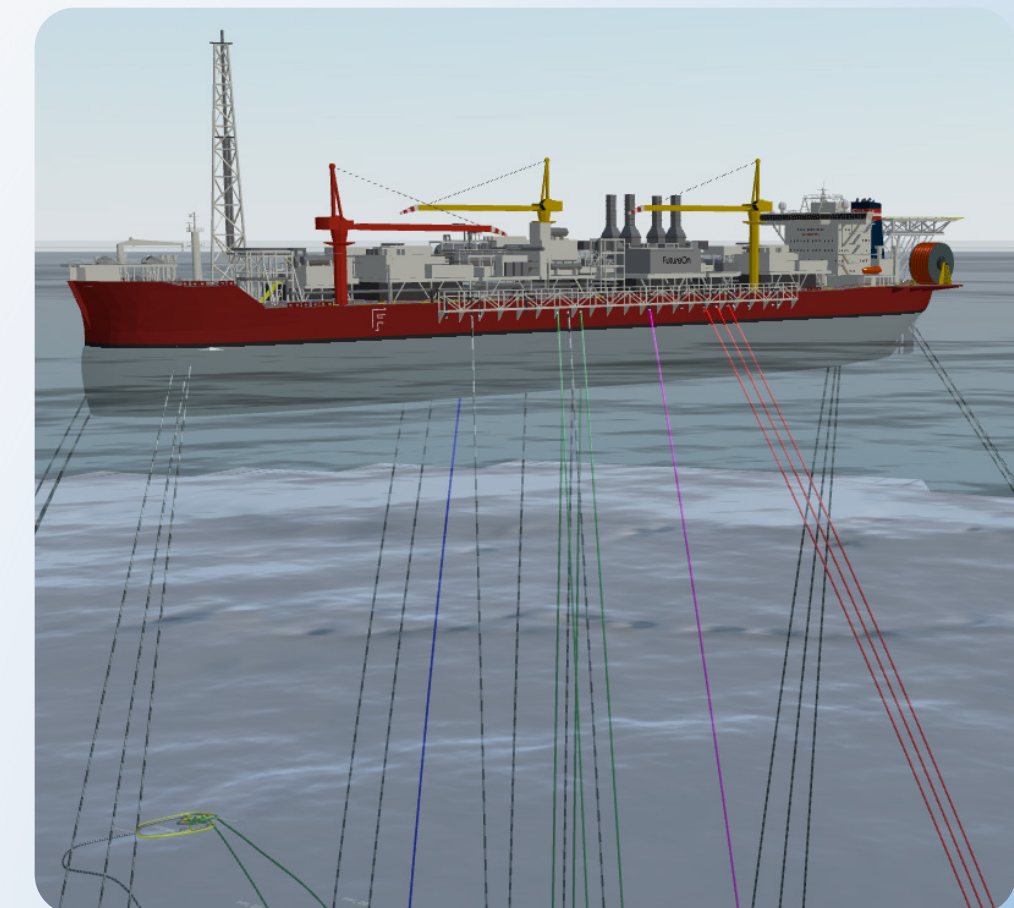
- Equinor Energy Asterix FEED
- Turkish Petroleum Sakarya FEED
- TotalEnergies Begonia EPCI
- Shell Whale EPCI
- PetroRio Wahoo Bid
- Petrobras Sepia EPCI

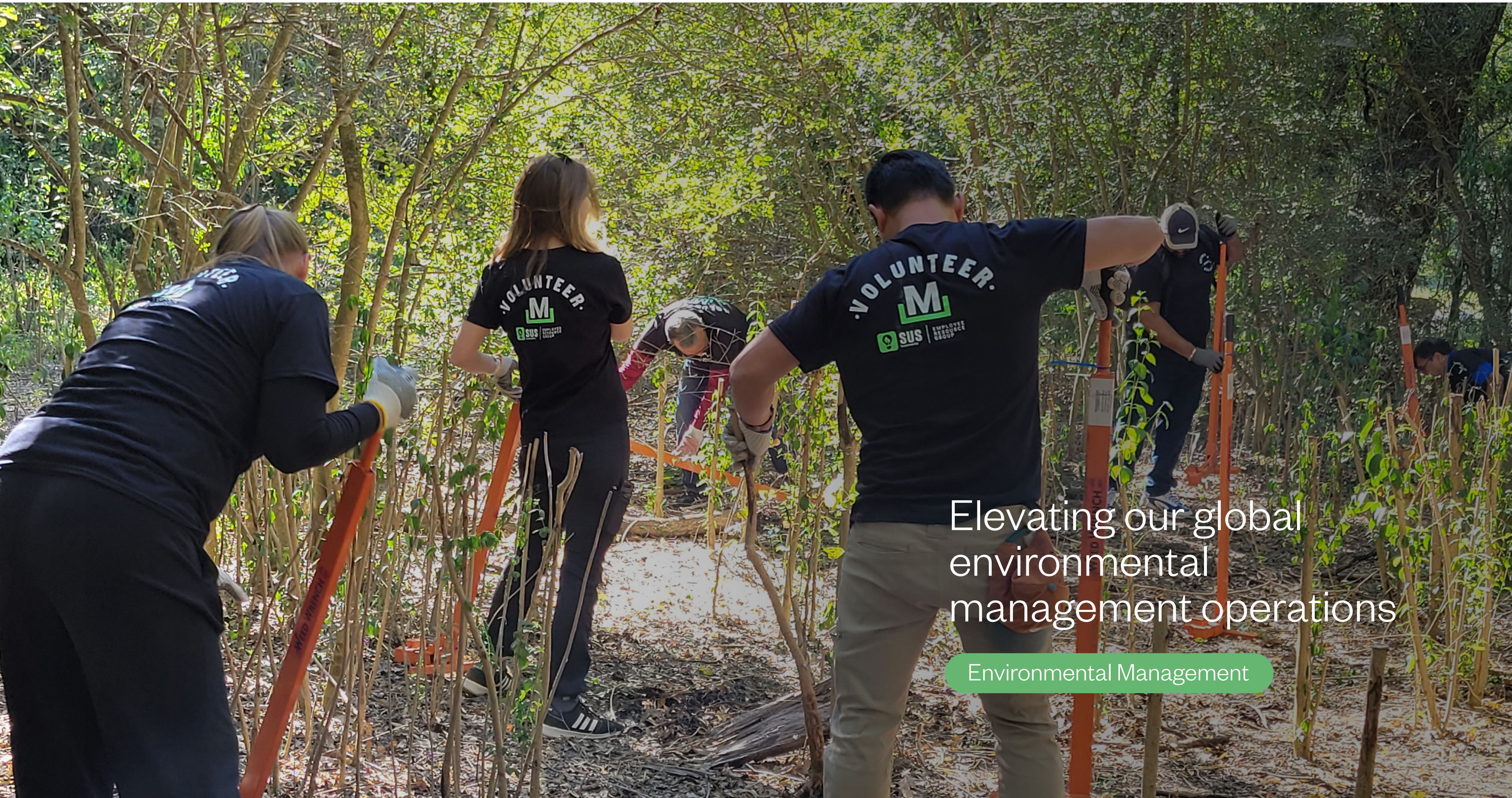
Implementing the tool allowed us to reduce cost and schedule risk, and improve design certainty by working on a collaborative, automated, and cloud-based digital platform.

ArborXD™

In 2022 we implemented our carbon footprint calculator on two projects to reduce emissions.

→ [Find out more](#)





Elevating our global environmental management operations

Environmental Management

Executing the world's most complex projects guided by our strong **commitment** to **environmental** stewardship



At McDermott, we are focused on what we do best - delivering complex projects that serve the energy industry and the growing needs for energy transition.

We understand the challenges of executing large scale EPCI projects and remain unwavering in our commitment to identify new and innovative pathways to execute projects while reducing our environmental footprint.

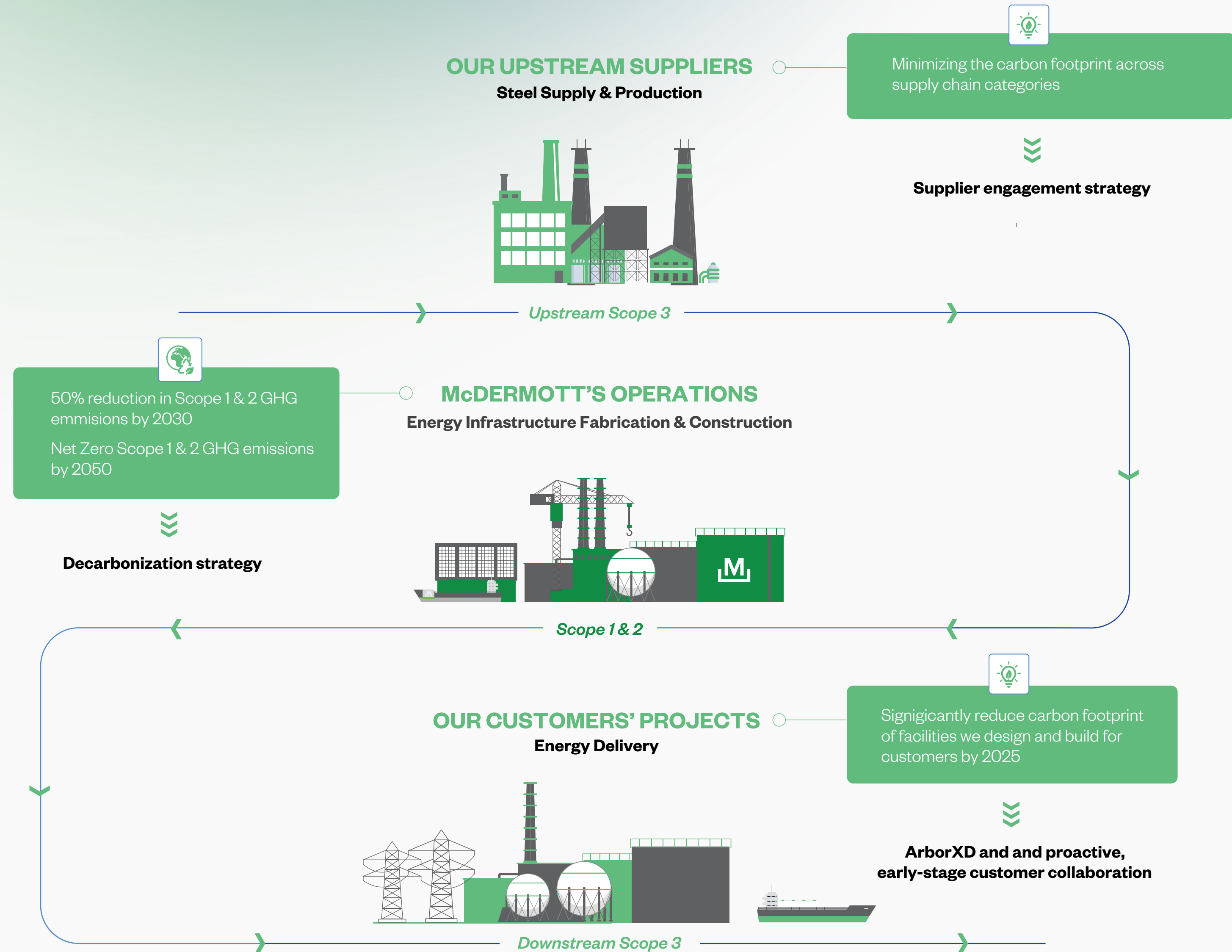
In 2022, McDermott continued to further demonstrate our commitment to environmental performance through the following guiding principles:

- **Securing long term sources** of renewable power for our onshore fabrication facilities
- **Increasing oversight and accountability** of project emissions by reconfiguring our emissions data to report carbon footprint by project
- **Embedding sustainability principles** into project execution using project-specific developed Sustainability Charters or Execution Strategies.

GHG emissions

We are uniquely positioned to influence the complete value chain of GHG emissions.

Our greatest contribution is offering engineering and technology-based solutions to support our customers and suppliers in achieving emissions reductions through their operations.



We have the same **mindset** when it comes to reducing emissions for our customers as we do for **reducing** our own emissions

GHG REDUCTION EFFORTS AT OUR OPERATIONS

Our scope 1 emissions increased slightly in 2022 primarily due to increased construction activity. Also, our Amazon vessel was reactivated to operational status accounting for 11% of our marine operations.

In 2022, our reductions in total scope 1 and 2 operating emissions were predominantly due to our increased use of renewable energy usage for our onshore fabrication facilities, electrification of key assets, and optimization of our fuel and energy usage in our yards through implementation of digital platforms.

[→ Go to performance data](#)

22%

absolute
scope 1 & 2
reduction

versus 2020 base year



Supporting our customers' GHG initiatives

Our customers' priorities are our priorities. Over the past three years, McDermott has supported customers in advancing Net Zero goals by identifying opportunities to reduce emissions across the project lifecycle.

Achieving low carbon project delivery across all our projects and product lines remained a focus for our project teams. We progressed guidelines, processes, and procedures during 2022 as part of our global sustainable project execution toolkit. With the toolkit, McDermott has a consistent, well-adopted approach to reducing our environmental impact and carbon footprint.

EMBEDDING SUSTAINABILITY INTO OUR PROJECT EXECUTION

- 2020**
Governing procedure
Established the foundations of our enterprise-wide carbon footprint methodology
- 2021**
Accessible digital tool
Integrated our enterprise-wide carbon footprint methodology into our tool, ArborXD
- 2022**
Visible periodic reporting
Developed project-specific carbon emissions data collection mechanisms to evaluate the project lifecycle and evaluate carbon emissions reduction projects on a cost-benefit basis; embedded low carbon project delivery into our execution philosophy



Introducing the Carbon Footprint Dashboard for all projects

Establishing clear metrics and targets for continued assessment and measurement of our performance through meaningful data points remains critical to delivering on our commitments to reduce carbon emissions across the value chain.

Consistent with our focus and to increase our data set, in 2022 we began collecting project-specific emissions data as part of our internal quarterly project reviews. We use this data to analyze and identify trends in GHG emissions on a more granular level – more specifically by business operations and product type. Based on trends identified in 2022, we aim to set KPIs and targets by product type to establish a standard for low carbon EPCI project delivery throughout 2023.



Empower carbon conscious decision making

ArborXD

Establishing baseline emissions and measuring reductions.

During 2021, we launched our own carbon footprint calculation tool, ArborXD, to reduce operating emissions of the facilities we design and build for customers. In 2022, we expanded the functionality of ArborXD to include four (4) product lines - LNG, Upstream, Refinery, and Petrochemicals, as we also estimate the EPCI carbon footprint of the projects we execute.

Woodside's Scarborough Floating Production Unit Project is a premiere project that highlights McDermott's low carbon EPCI project delivery.

[→ Scarborough press release to learn more](#)

SOME OF OUR EMISSIONS REDUCTION STRATEGIES AT AFLOATING PRODUCTION UNIT PROJECT



Supply chain decarbonization

We take a proactive approach in addressing our supply chain emissions.

Supply chain emissions from the products that we purchase in support of successful project delivery contribute to our upstream scope 3 emissions. These emissions, which lie largely outside of our operational control, remain a challenge to measure, report, and track progress.

Through a collaborative approach with relevant stakeholders, from suppliers to manufacturers to distributors and transportation and logistics providers, we strive to support sectorial decarbonization within our top 10 categories:

- steel products
- static equipment
- logistics
- civil subcontractors
- cable
- fuel
- electric and instrumentation equipment
- valves
- rotation equipment
- structural and mechanical and piping subcontractors.

SUPPLY CHAIN DECARBONIZATION ROADMAP

In 2022, we conducted an internal joint workshop with Sustainability, Supply Chain, and Engineering teams to develop our Supply Chain Decarbonization roadmap. The result of our collaboration focuses on:



Targeting high points in our value chain where we believe we will have the greatest impact



Collecting meaningful data and metrics as a basis for informed decision-making regarding supplier and material selection



Identifying the right platform to support our Supply Chain sustainability strategy



Communication and engagement to encourage and promote continuous improvement

SUPPLIER ENGAGEMENT

We engaged with two significant logistics and service providers supporting one of our projects to identify key areas for emission reduction and sustainable solutions. As a result, we are assessing the following:

- Multimodal optimization such as possibilities of increased use of rail and short sea shipping and inland waterways, replacing trucks and air transport
- Increased deployment of energy-efficient vehicles
- Use of Sustainable Fuels Program



Energy and fuel use

By owning and operating our own fabrication facilities, we provide our customers with a unique advantage to maintain operational control and influence over the emissions, energy, and fuel usage.

DECARBONIZING FABRICATION OPERATIONS

Our fabrication yards are at the heart of the EPCI project cycle.

Our strategic approach to decarbonizing fabrication operations focuses on reducing the carbon intensity, tCO₂/1000 manhours, in our fabrication facilities while maintaining the highest rate of utilization.

Through the use of renewable energy, in 2022 we achieved meaningful reductions in the carbon intensity across our operations 45% less than our 2020 baseline.

[→ Go to performance data](#)



≈ 43,597T
reduction in CO₂e through the use of renewable power

ELECTRIFICATION CREATES A PATHWAY TO LOW CARBON FABRICATION IN BATAM

Our Batam Fabrication Yard (BFY) made significant progress in environmental performance by implementing a range of initiatives in 2022, including:

- the electrification of 63% of compressors, 36% of light forklifts, and the establishment of an electric vehicle (EV) charging facility.

- replacement of traditional lighting with energy-efficient LED lighting to improve visibility and safety for employees while reducing energy consumption.
- investment in modern and efficient air compressor house that provides electric air compressors and advanced dehumidification systems which is expected to be fully operational by 2023.

These initiatives significantly reduce BFY's carbon footprint and dependence on fossil fuels while realizing cost savings and improving overall efficiency and performance in the fabrication yard to solidify BFY's position as a leader in sustainable fabrication yard management.

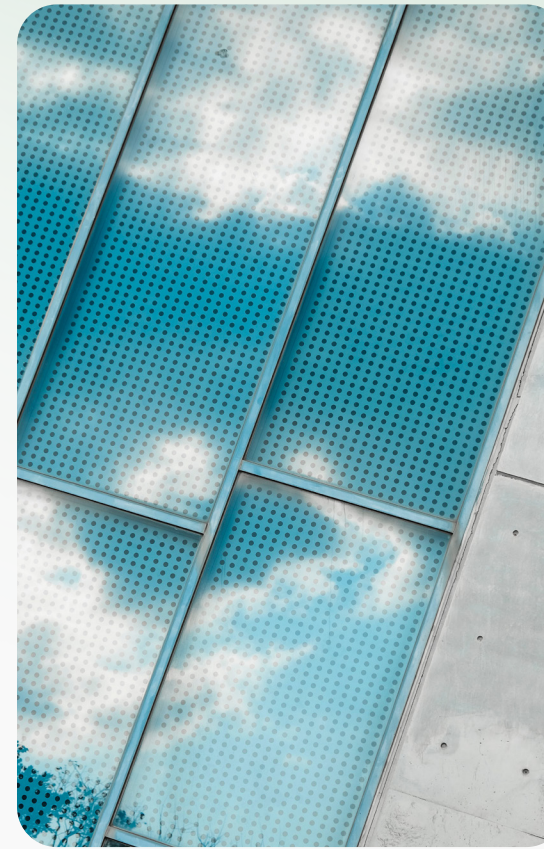


RENEWABLE ENERGY POWERS FABRICATION FACILITIES

In 2022, five of our fabrication sites (Batam, QMW, Jebel Ali, CB&I Thailand & Clive) sourced via renewable energy certificates (RECs) / Green Tariffs from utility providers or generated (via onsite solar) renewable power equating to approximately 63% of our overall grid source renewable power. These efforts allowed reduction of approximately 44,330 metric tons CO2e of global emissions (73% of 2022 scope 2 emissions). Notably, both Batam and QMW predominantly operated on grid sourced renewable power during 2022.

63%

of our overall grid power came from renewable sources



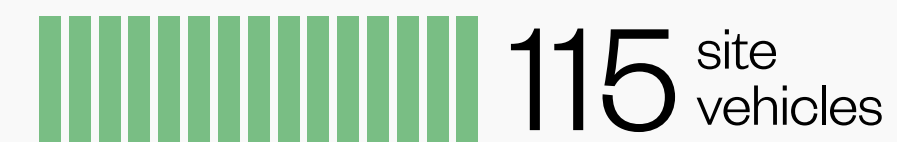
SOLAR HIGHLIGHTS IN CB&I KASEMPHOL & QMW FACILITY

In 2022, our CB&I Thailand facility installed and operated a 41 kWp photovoltaic (PV) system, equating to 8 metric tons of CO2e saved in 2022 and approximately 19 metric tons of CO2e per annum. QMW, McDermott's third largest fabrication facility, started installation of a 4,206 kWp PV system which will serve to provide power for approximately 27% of the yard's forecasted electrical load and is projected to reduce emissions by 1,551 metric tons of CO2e per annum when fully operational. We are exploring other uses of solar power for our systems in 2023.



AI PLATFORM USED TO IMPROVE VEHICLE UTILIZATION IN JEBEL ALI

In 2022, we completed Phase 1 of the rollout of an AI platform in our Jebel Ali fabrication yard to monitor 115 site vehicles. The platform uses internet of things (IoT) installed devices to collect vehicle data via a common dashboard to provide the fleet management team with actionable insights to improve utilization, manage fuel consumption, and schedule maintenance, thereby reducing overall emissions. In 2023, our Jebel Ali yard will further expand the use of the software through Phase 2 to include yard equipment generators and compressors.



● Phase 1 ● Phase 2

Marine construction

McDermott maintains a specialized, competitive fleet of marine construction vessels capable of executing the world's largest scale offshore projects.

We reduced related emissions 4% from 2021 levels, primarily attributed to divestment of two marine assets. Our vessel carbon intensity reduced by 7%. While that is positive, our vessel fleet accounted for 66% or 130,058 metric tons of CO₂e of our scope 1 and 2 emissions in 2022. To reduce emissions in our marine operations we have a team working toward a clear, actionable roadmap. This includes ongoing evaluation of emerging technologies that can support more efficient marine operations, reducing time offshore, lowering fuel burn rate, and improving utilization of our marine assets.

In evaluating potential pathways to decarbonize our marine operations, we consider accessibility, availability, and maturity of technology. In an offshore environment in which construction activities carry a high-risk profile, any proposed solution must be sufficiently tried and tested prior to implementation in the field.



FLEET OPTIMIZATION AND SUSTAINABILITY MEASURES:

- **Automation:** This year, our Amazon vessel entered operational status as the most automated J-Lay vessel in the world. Cutting-edge automation onboard has several environmental benefits including reduction of personnel needed for similar J-Lay operations, fewer support vessel trips, and reduced emissions.
- **Efficient Route Planning:** Using DTN Route Guard for transit planning, we optimize fleet use by route and weather patterns. These optimizations create a positive impact on our fuel consumption and carbon emissions. Given that there is no repeatability of route, we are exploring how we can quantify the impact of transit planning for our fleet during 2023.
- **Data-driven sustainability:** Tracking our fuel consumption per vessel based on idle, dynamic positioning (DP), and transit mode provided a reliable system for collecting data. Our focus will be on using this data to identify measurable and more targeted sustainability measures.
- **Waste Management:** Onboard filtration systems eliminated the need for plastic water bottles on all our fleet vessels.

7%
reduction in
vessel carbon
intensity
from 2021

OPTIMIZING OUR MARINE FLEET: CLEANER, SAFER, AND SMARTER ASSETS

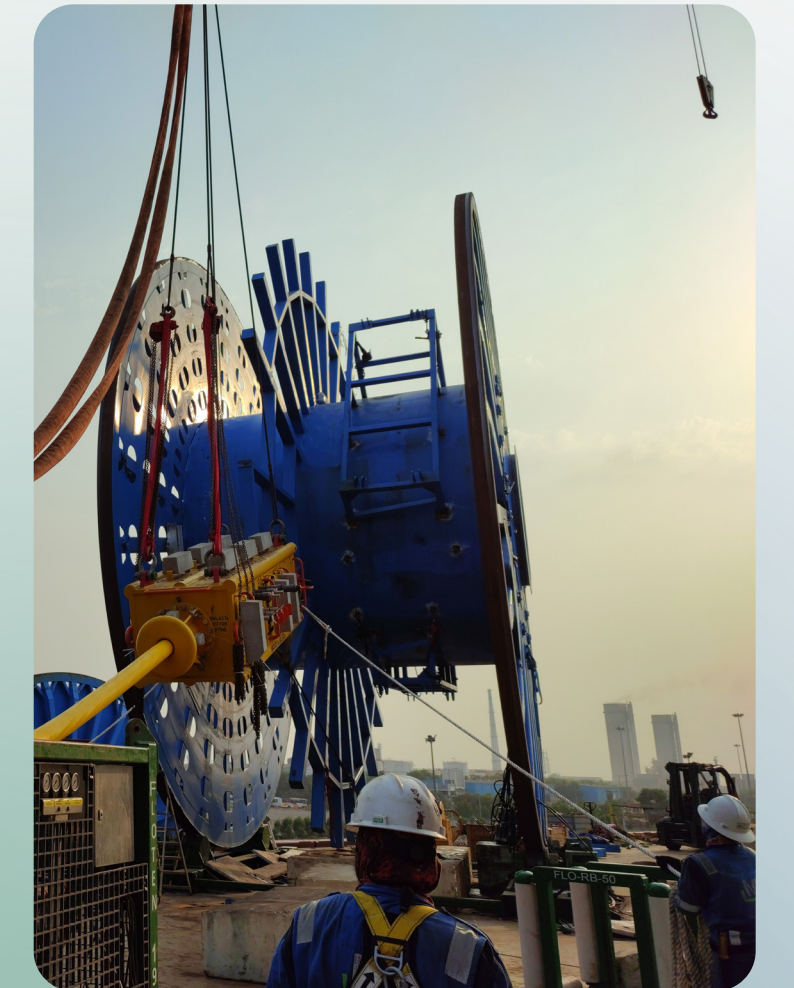
With the Amazon vessel's advancement, McDermott sold the Lay Vessel North Ocean 105 (LVNO105) lowering our fleet emissions by an estimated 8,000 metric tons of CO₂e yearly.

McDermott's Derrick Barge 27 (DB27) was recently retired in accordance with the Hong Kong Convention green recycling process. In addition, a ClassNK-approved ship recycling yard was inspected by McDermott personnel prior to sale to ensure proper health and safety measures are implemented.

We continue to monitor the dismantling process and will be receiving updates from the yard to demonstrate use of safe and environmentally sound practices as presented in the Ship Recycling Plan. While active, the idle DB27 contributed an estimated 5,750 metric tons CO₂e to the atmosphere yearly. Retiring this vessel eliminates emissions, and allows the vessel's steel to be recycled.

EMISSIONS MONITORING OF OUR MARINE FLEET DERRICK BARGE 32 IN FIELD IN THE KINGDOM OF SAUDI ARABIA

We implemented a third-party software to measure engine and auxiliary equipment performance and associated emissions on the DB32, our premier derrick and pipelay barge operating in the Middle East. The software taps into the existing vessel systems to collect raw data using sensors installed on vessel equipment. The collected data is then processed through machine learning algorithms to generate real time carbon emissions monitoring and reporting. This provides clear, consistent, and comparable emissions data year-on-year to aid in better decision making and optimizing performance.



Circular economy

Circularity at every stage of a projects' lifecycle remains key to minimizing waste and managing our environmental footprint.

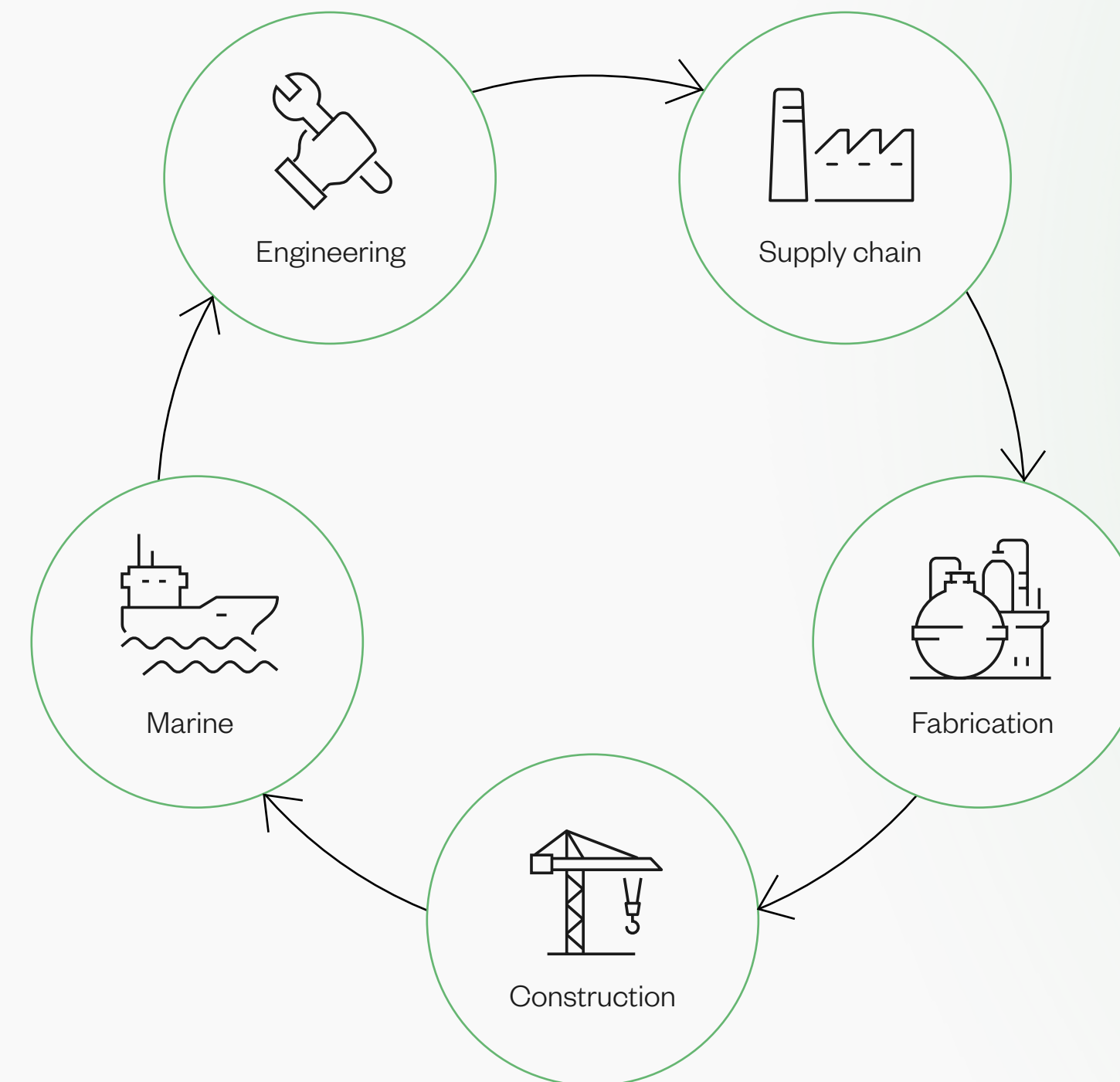
We control our value chain from engineering design and material selection through to procurement and field installation.

As we continue to identify opportunities, such as using non-metallic and composite materials in our projects, we are continuously researching new materials and products with a mission to transform the way our industry manages corrosion in offshore facilities.

Our fabrication teams also identify opportunities to re-use resources. For example, using scrap steel in the fabrication of construction aids can reduce purchases of new steel for construction aids by 10%.

In 2023, we plan to integrate circular economy through standardized guidelines, tools, and workflow processes with our materials database and procurement practices.

PROJECT LIFECYCLE CIRCULARITY THROUGH DESIGN



NON-METALLICS INITIATIVE WITH SAUDI ARAMCO

We continued to design and develop innovative alternatives to corroding metals typically used in an offshore installation project. The development of these solutions under the 'Non-Metallic Initiative' sought to significantly reduce the cost, environmental impacts, and potential risk of corrosion. Through our partnership with Saudi Aramco in non-metallics, we successfully established implementation solutions for:

- Subsea shroud development
- Use of non-metallic in battery drain drum
- Use of non-metallic cable trays
- Use of polypropylene piping for potable and utility plumbing

Waste management

Cultivating a culture among employees that prioritizes sustainable practices.

Our global community of employees actively embraces our sustainability vision to minimize our operational environmental footprint by managing waste and using natural resources efficiently.

We built our waste management process on the concept of circular economy, following waste hierarchy principles to divert waste through reduction, re-use, recycling, and recovery prior to landfill disposal.

[Go to performance data](#)

GARNET RECYCLING

Garnet waste is one of the major waste streams from the blasting process that occurs at our fabrication facilities. During 2022, the Batam yard recycled 2,469 tons of garnet waste, diverting 83% of generated hazardous waste from landfill to external recycling facilities. In the Jebel Ali Fabrication yard, our teams diverted 3,057 tons of garnet blast media from landfill to recycling facilities, accounting for 32% of the fabrication yard solid waste for the year.

MIDDLE EAST OFFICES WASTE & CIRCULARITY INITIATIVES

We eliminated use of plastic water bottles at our Middle East offices through installation of water filtration dispensers and, provision of re-usable mugs and water bottles.

We also reused filtered wastewater for irrigation, construction material for furniture, garden beds, and composting food waste to improve landscaping at the McDermott-owned camp accommodations in Saudi Arabia.

5,526T
of garnet waste
recycled in
Jebel Ali and
Batam



76%
solid waste
diverted from
landfill in 2022

Water management

Respectful and responsible use of natural resources are inherent to our operations.

Across our global operations, we continue to work towards identifying and reducing water consumption by optimizing the use, reuse, and recycling in alignment with McDermott’s water management efficiency hierarchy guidelines.

Our operations consumed 1,036,668 kiloliters of water in 2022, a 25% decrease from the 2020 baseline. Water reuse increased by 62% compared to 2020 baseline accounting for 2% of total water reuse ration.

[Go to performance data](#)

RAINWATER HARVESTING SYSTEM AND WATER CATCHMENT AND REUSE IN BATAM

Our Batam yard uses a rainwater harvesting system to collect rainwater which is then used for dust suppression over a 72-hectare area during dry periods. The use of rainwater reduces reliance on surface water, subsequently reducing strain on local water resources.

DOMESTIC WASTEWATER PROCESSING UNITS

During 2022, over 8 million liters of sanitary wastewater was treated and reused for dust control onsite of our two EPCI onshore projects in Texas – Golden Pass LNG and Borestar Bay 3 – a 22% increase compared with 2021.

QMW IMPROVES WASTEWATER MONITORING

QMW carried out a comprehensive upgrade of the wastewater treatment system in 2022. After this upgrade, the measured amount of two water quality parameters (Chemical Oxygen Demand and Ammonia) were reduced by more than 50%.



62%
water reuse
increase
compared
to 2020

Air management

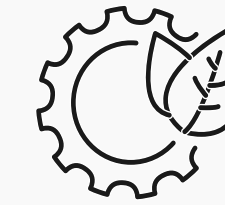
Allocating resources to implement, inspect and monitor, maintain, and report air emissions.

As part of our risk management process, we identify where our industrial and construction activities, processes, and services have the potential to affect air quality. To mitigate any potential impacts to air quality, we allocate resources to implement, inspect and monitor, maintain, and report air emissions in accordance with regulatory requirements, customer expectations, and our own required Best Management Practices (BMPs).

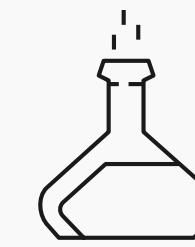
OUR AIR MANAGEMENT BMPs INCLUDE:



Enacting stormwater management processes to reduce dust pollution



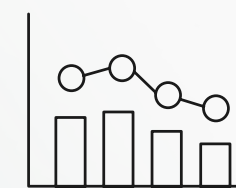
Equipment and machinery maintenance programs for vehicles and combustion equipment to reduce air emissions from poor performance



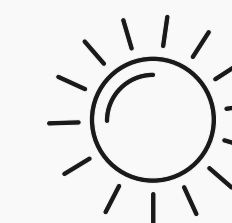
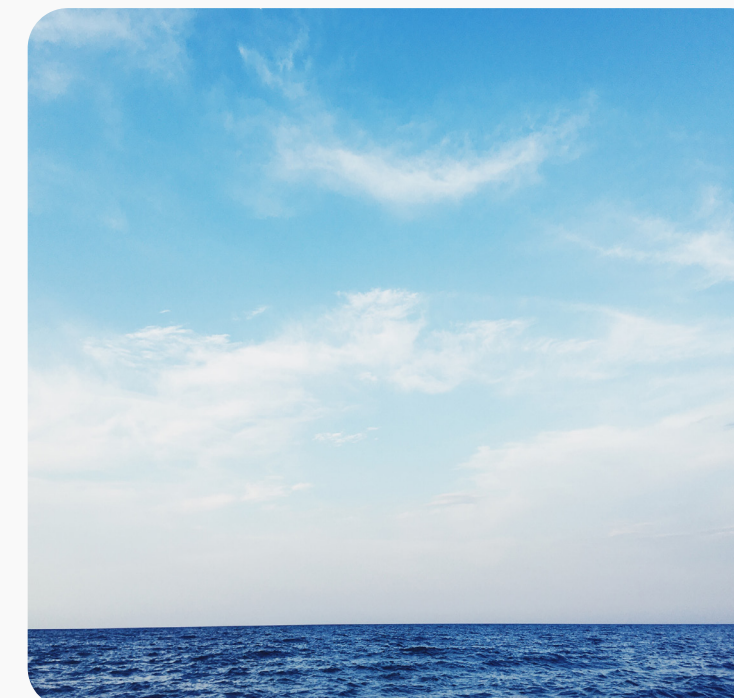
Reducing fugitive emissions associated with use of raw materials



Applying dust shrouds and shields when conducting abrasive blasting



Reducing fugitive air emissions (volatile organics) through spill prevention management of chemical storage and waste minimization programs



Using cleaner energy sources where possible (eg solar, natural gas)

Biodiversity, land use, and the natural world

The protection and conservation of biodiversity is essential during planning and execution of projects.

Across our operations, project teams proactively work with customers and collaborate with government entities in support of initiatives to enrich biodiversity and support aquatic life. To do this, we evaluate potential impacts on biodiversity and ecosystems through our Environmental Aspects and Impacts Identification Process. This process identifies risks associated with our operations, the controls to mitigate them, and compliance with applicable environmental laws and permits. We manage biodiversity on our projects based on the principles of identification, mitigation, and implementation, and focus on promoting awareness.

JOINING FORCES WITH SAUDI MINISTRY TO LEAD ON BIODIVERSITY

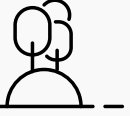
For a second consecutive year, our Saudi Arabia operations collaborated with the Ministry of Environment, Water and Agriculture and National Center for Vegetation Cover and Combating Desertification to sponsor the planting of mangroves in various locations within the Kingdom's Eastern Province in support of the "Let's make it green" campaign. Spanning over one month, volunteers were guided by the Ministry to prepare and plant mangrove saplings. The group also cleaned the neighboring mangrove habitat and beach of trash and debris.

PROTECTING ECOLOGICALLY SENSITIVE AREAS IN AUSTRALIA


We operate in many ecologically sensitive marine areas and strive to protect and conserve the diverse endemic species, habitats, and ecosystems. One such example is in Western Australia where we engaged in preventative strategies and controls to minimize the impacts associated with the transmission of invasive species.



7,000
mangroves planted
in Saudi Arabia and Malaysia

584
trees planted
in Dominican Republic,
Qatar, Uganda, Saudi
Arabia

1.6T
of waste collected
by volunteers
from beach, desert, and
mangrove ecosystems
and marine underwater



Spill prevention, control measures, and response

Our Spill Prevention and Control Process is designed to identify early, respond appropriately, and focus on year-over-year continuous improvement.

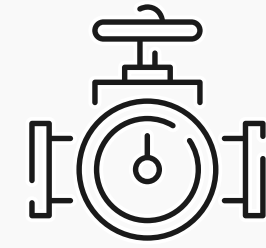
We continue to follow through our Spill Prevention and Control Process to prevent and minimize impacts to our environment.

2022 STATISTICS

Four (4) level III spills (2 Water + 2 Land) posed a moderate impact to environment as the spills were greater than 95 but less than 3,785 liters for a total released 6,191 L.

[Go to performance data](#)

TOP 3 LOSS OF CONTAINMENT BY MATERIAL:



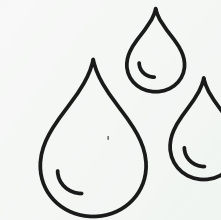
Hydrotest Water

1,911 L



Oil (Hydraulic, Motor, etc.)

1,783 L



Wastewater

1,607 L



Respecting the
uniqueness of every
community we work in

Social

Creating and supporting positive social impacts



With operations worldwide, respecting the rights of employees, local communities, and other stakeholders is critical to avoiding and mitigating negative social impacts, optimizing positive impacts, and achieving McDermott's business goals.



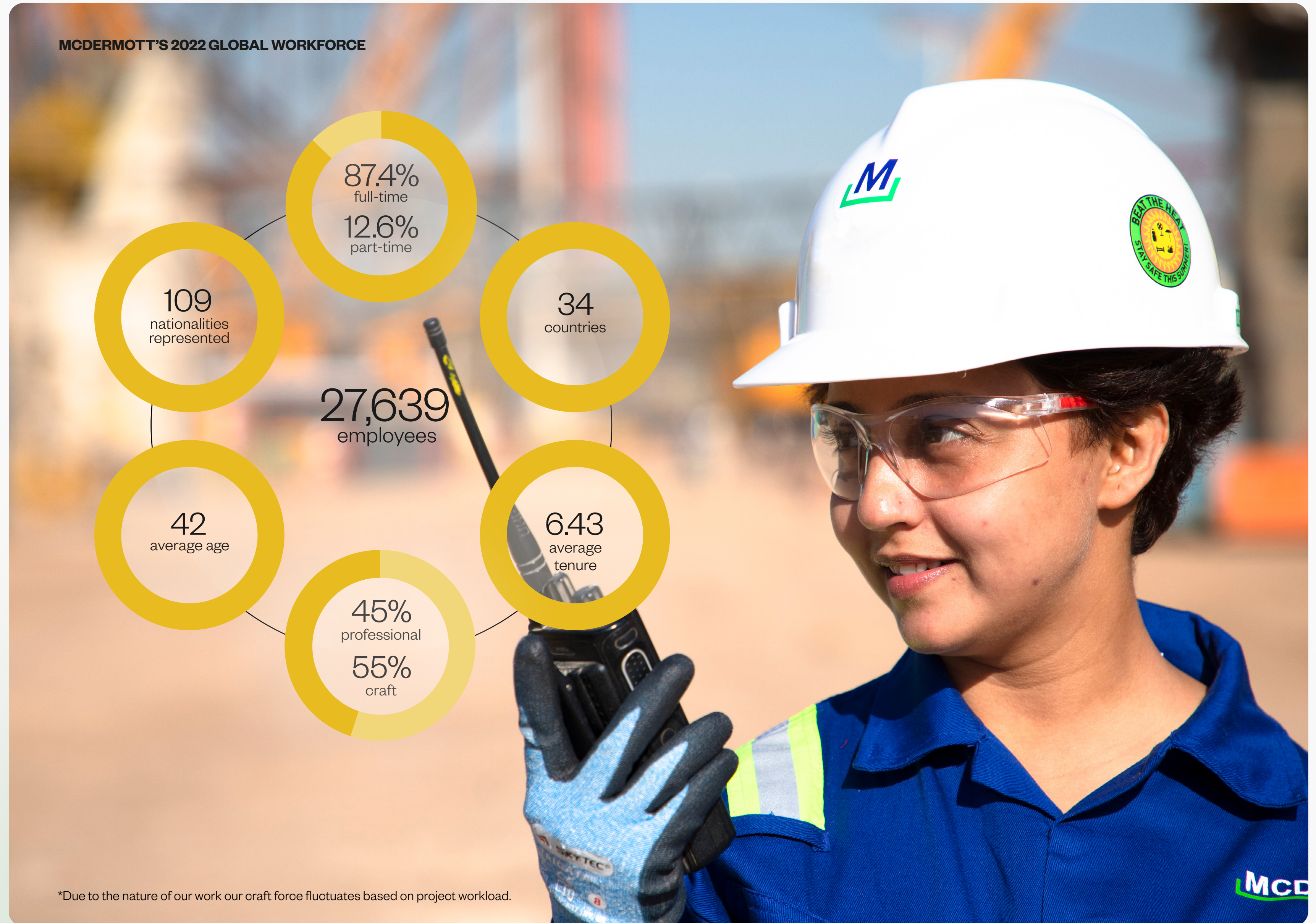
We understand that investments in local communities need to be strategic. We employ a variety of methods to be successful; and for us, it is not just a check-the-box exercise. Each community and region are unique. We take responsibility to incorporate that uniqueness into our planning. This includes meaningful stakeholder engagement, local content development programs, culturally appropriate grievance mechanisms available to both internal and external stakeholders, promotion of diversity, equity, and inclusion (DE&I) within and outside of our operations, and development of local supply chains through supporting and partnering with local organizations that provide critical services in the areas where we operate.

People

As a global provider of EPCI solutions, McDermott employs a diverse workforce of professionals and craft workers.

We seek to align to our core value of “One Team” for which every employee feels valued, recognized, respected, and encouraged to be their authentic selves. As an organization, we harness employees’ differences to inspire motivation and growth. We operate a zero-tolerance policy for discrimination, bullying, harassment, and victimization. Our collaborative, high-performance culture encourages employees to speak up and challenge each other to achieve the best outcome for the organization as a whole and for our customers.

We deploy human resources and people-focused initiatives to drive individual accountability and behavior through the performance management process by creating more interactive opportunities between the employee and manager.



Diversity and inclusion in our workforce

McDermott is committed to advancing and sustaining a global culture of diversity, equity, and inclusion (DE&I).

We seek to embrace all differences in our employees (including gender, sexual orientation, race, color, religion, national origin, disability, age, and other individual characteristics) and harness their authentic abilities to support progression in their respective careers.

Our DE&I Program and initiatives shape our internal policies and practices on recruitment and selection, compensation and benefits, professional development and training, and promotions, as well as external practices, for example, supplier diversity and marketing to promote fair and transparent treatment of our stakeholders.

We acknowledge gender diversity as a challenge within our industry. We understand that increasing gender diversity will take time and dedicated effort to achieve noticeable improvement, through pro-diversity recruitment, retention, and advancement activities. In 2022 we

welcomed 815 female new hires, resulting in a net total increase of 387 female employees globally, factoring in the female employees who resigned voluntarily. Additionally, 16% of our promotions were females taking on more senior positions.

In 2021, we announced an intent to increase our global female headcount by a specific number, 500. Based on lessons learned from our gender and other diversity initiatives, employee engagement, and data, we believe that a more tailored approach will better deliver meaningful impact, including at specific professional levels, job types, and locations. We are improving our metrics creating data-based initiatives to improve DE&I awareness and performance in areas including employee recruitment, development, and retention, all specific to our unique context.

Further reflecting our corporate commitment, we initiated or renewed the following pledges and policies in 2022:

- Diversity, Equity, and Inclusion Global Policy
- CEO Action for Diversity and Inclusion Pledge signed June 1, 2022
- Equal Employment Opportunity Policy
- Gender Transitioning policy for the United States (US)

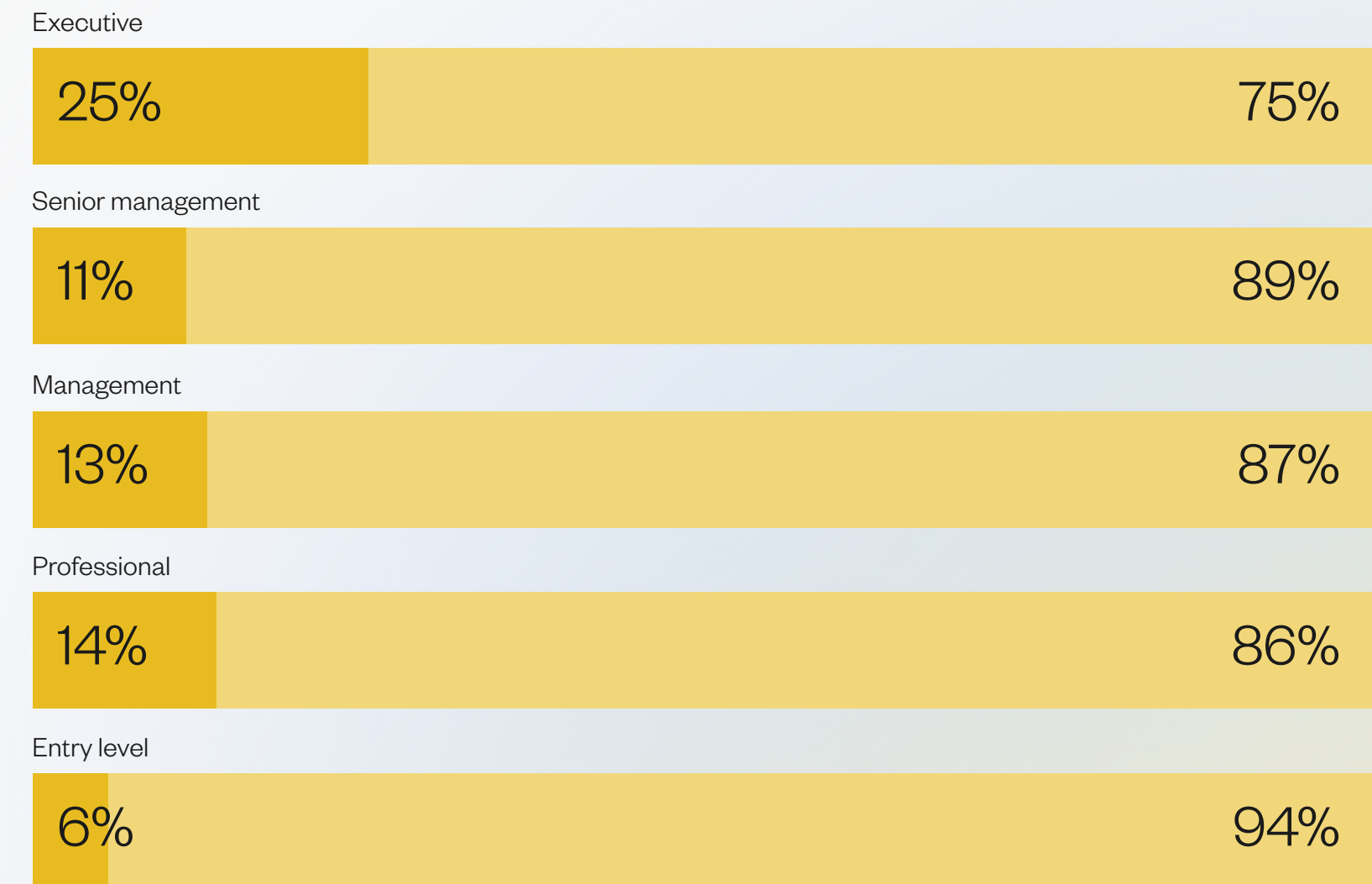
TOTAL WORKFORCE BY GENDER %



PROFESSIONAL WORKFORCE BY GENDER %



WORKFORCE BY GENDER



Female Male

GLOBAL DIVERSITY, EQUITY & INCLUSION (DE&I) STRATEGY

Our strategy focuses on three primary pillars: Recruitment, Education & Awareness, and Employee Engagement.

In 2022, the theme was creating a Consciously Inclusive Culture, with the goal of providing employees with the appropriate tools and trainings to establish a common and foundational understanding and global awareness of DE&I, which included clear objectives to increase workforce diversity globally.



THREE PILLARS TO PROMOTING AN INCLUSIVE CULTURE



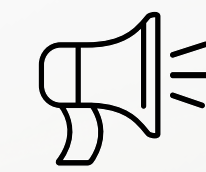
Recruitment

Increase global female representation through proactive and inclusive hiring



Education & Awareness

Mandatory Inclusion online training for Grade 8+; Launch of Diversity Week



Employee Engagement

Actively engage and support ERGs to promote workplace inclusion and a greater sense of belonging

GLOBAL DE&I TRAINING AND AWARENESS

We provide employee-wide training which serves to drive and sustain a strong culture of inclusion and belonging at our workplace.

REFLECTING THE IMPORTANCE OF INCLUSIVITY TO OUR EXECUTIVE LEADERSHIP AND ENTIRE WORKFORCE

2,735 employees completed online Inclusive Leadership Training in 2022, including 99% of all supervisor and management employees.

This training was designed to raise inclusivity awareness and skills including specific courses on Overcoming Implicit Bias, Becoming an Inclusive Leader, and Inclusive Hiring practices.

DIVERSITY ENGAGEMENT ACTIVITIES

Employee Resource Groups (ERGs) are an integral in fostering an inclusive and diverse organizational culture. Each ERG has four focus areas: professional development, collaboration, community engagement, and advocacy. In 2022, we increased from 10 to 32 chapters globally under our main eight ERGs.

In 2022, in collaboration with the ERGs, we hosted a Month of Understanding to bring together our workforce through events, training, and Corporate Social Responsibility (CSR) initiatives, to celebrate our diverse cultures and increase employee engagement and connection.

We also piloted Diversity Weeks in 8 of our office locations. This initiative served to bring leaders and colleagues together to share, learn, and create a safe space to discuss challenges and systemic barriers to diversity and inclusion and the role each employee plays.



Talent recruitment, development, and retention

Recruiting and skill development remain top priorities as we continue to build our workforce from local level to corporate positions throughout our organization.

One of our priority commitments is to provide development and growth opportunities for our employees. In 2022, we focused on building workforce capability to meet growing organizational requirements and future business needs through stronger workforce planning, recruitment, hiring, and retention.

We continued to digitize and automate core human resource processes to improve the experience of our current and potential employees. For example, we implemented Oracle Recruiting Cloud, a software platform, to open talent pipeline requisitions for pending projects prior to project initiation. This also allowed our recruiting teams to create alumni engagement campaigns. Further, a 'Journey' module was launched to support managers with onboarding and offboarding, effectively reducing their time in these critical processes.

During 2022, we expanded our efforts, including our recruiting tools, to reach a broader and more diverse audience in McDermott's key locations (those with the largest number of projects), particularly in the United Kingdom (UK), Netherlands, India, and Middle East.

In 2022, total turnover (professional and craft) was 33%. Among our global workforce of professional staff, we experienced a turnover rate of 23% with a voluntary turnover rate of 16%.



CAREER DEVELOPMENT AND RETENTION

Our 2022 development offerings supported every career stage from building new skills to leadership capabilities across the organization. These opportunities emphasize on-the-job experiences, mentoring, coaching, and active participation through formal programs.

A pilot program was initiated in 2022 for mid-level female professionals. RISE Female Development Program was launched providing 14 professionals the opportunity to build a network of women leaders. The program focus areas include:

- Developing relevant leadership skills, knowledge, and behaviors
- Providing exposure to McDermott leaders and business operations
- Developing self-awareness and interpersonal skills
- Providing challenging on-the-job experiences and opportunities for problem solving

“The RISE program has helped me evolve personally and professionally. It provided excellent mentoring from experts and helped us expand our business networking within the organization”

Joyline Sequeira, Manager Accounting

In addition to RISE, we offer programs for different levels of leadership such as the following:

- Advancing Women Leaders (AWL)
- IMPACTT Leadership Development Program
- CORE Management Program
- Lean Six Sigma
- Self-Driven eLearning
- Optimizing Performance Workshops
- Global Mentoring Program

COMPENSATION AND BENEFITS

McDermott’s commitment to our people means providing all our employees with work environments that support their health, safety, and well-being.

We comply with local laws related to employment, benefits, and compensation and seek culturally appropriate ways to go beyond local requirements. Our compensation programs are designed to drive achievement of our global business strategies through fair, industry-aligned rates within the various geographies in which we operate.



PROGRAM ACHIEVEMENTS IN 2022



Quality, health, safety, environment and security (QHSES)

Our QHSES Policy commits McDermott to the highest standards of quality, health, safety, environmental, and security performance, with a zero-incident goal.

We model our QHSES management system on ISO standards.

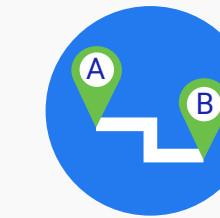
During 2022, we conducted a full review of our QHSES Policy to assess alignment with our new corporate strategy. We are focusing on our commitment to protect human life and the environment, safeguarding the health, safety, and security of personnel and assets, and fostering continual improvement and efficiency in all operations through a process driven approach and risk-based thinking.

Through our Taking the Lead with QHSES Program, we promote a QHSES culture where everyone across our diverse global workforce is a QHSES leader. Taking the Lead means we proactively develop and support the behaviors and attitudes that lead to a culture of excellence in QHSES performance. As part of the program, our twelve Operational Values (MOVs) focus on high-risk activities in our processes and operations. Taking the Lead also aligns with the International Association of Oil and Gas Producers Life-Saving Rules. Our MOVs strengthen our QHSES culture and contribute to preventing high potential incidents that could have severe consequences. While we pursue excellence in our work, we proactively evaluate our operational values and compare them against incident trends and risks.

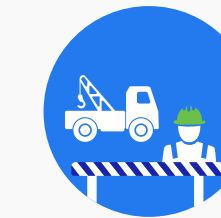
IN 2022, WE ADDED 'DROPPED OBJECTS' TO OUR MOVs AS PART OF OUR COMMITMENT TO CONTINUAL IMPROVEMENT



Readiness Planning



Journey Management



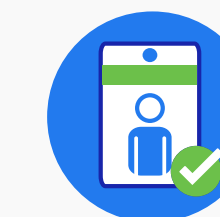
Plant and Equipment



Risk of Impact



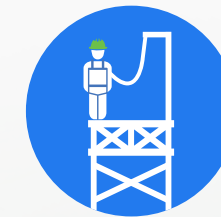
Mechanical Lifting



Permit to Work



Ground Disturbance



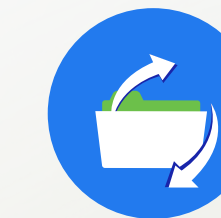
Working at Height



Confined Space



Energy Isolation



Management of Change

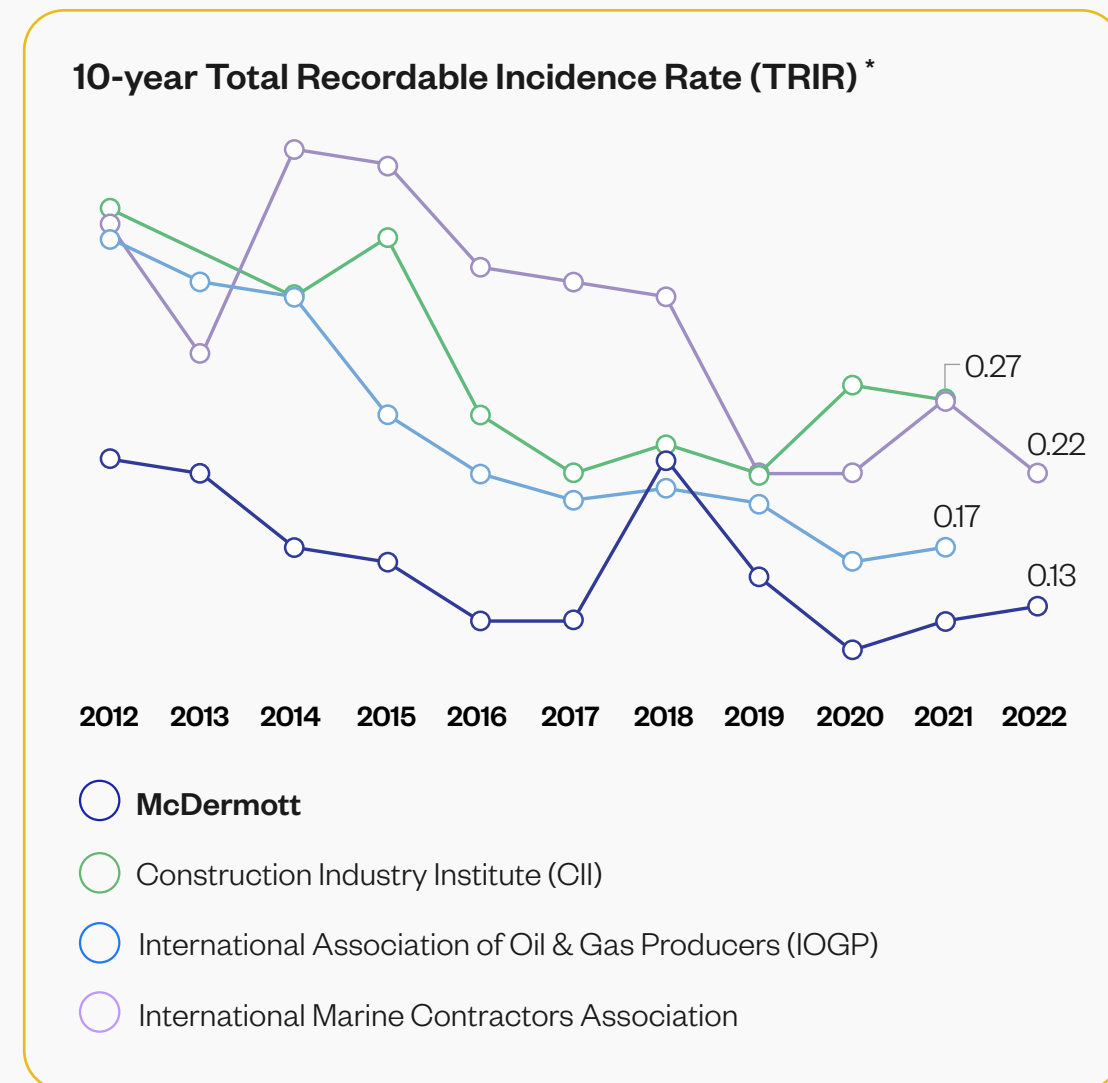


Dropped Objects

CHAMPIONING HSE PERFORMANCE

Our strong health, safety, and environment (HSE) performance makes us a trusted partner to our customers and employees. For most of the last 10 years, we have maintained a Total Recordable Incident Rate (TRIR) below the industry average. We ended 2022 with a TRIR of 0.13.

HEALTH, SAFETY, AND ENVIRONMENTAL (HSE) PERFORMANCE TRENDS



*Total Recordable Incidents x 200,000/Manhours

AWARDS

- ADNOC Crude Flexibility Project received “ADNOC Certificate of Excellence” for 50M safe work hours and outstanding HSE performance
- CB&I Storage Solutions presented with “Safety Diamond Club Award”, “Safety Award of Excellence”, and “Safety Award of Achievement” from Steel Tank Institute/ Steel Plate Fabricators Association
- “Contractor Safety, Security, Health & Environmental (SSH&E) Excellence Award” presented to CB&I Storage Solutions by Golden Pass LNG Compression Project
- Saudi Aramco Offshore Projects Department “Safe Execution of Vehicle Driving Award” and “Best Contractor of the Year (Overall HSE) Award” presented to McDermott Middle East
- DB30 crew recognized by Qatar Gas for their outstanding safety performance on the pipelay campaign

PROMOTING INCIDENT REDUCTION AND PREVENTION

Our QHSES initiatives and campaigns are critical in maintaining our focus to drive QHSES excellence. We continue to implement our STRIVE Program that reinforces positive behaviors and focuses on providing a safe workplace for employees.

The analysis of our 2021 leading indicators (HSE Programs including Inspections, Good Catches, Management Engagements, behavior-based observations, and near misses) led to the identification of 12 key focus areas for STRIVE in 2022, the most critical among them includes Rigging Material and Handling, Working at Height, Dropped Objects, and Risk of Impact.

Throughout 2023, we will increase our focus on our leading indicators with the objective of going from metrics used to measure past performance to metrics used as a predictive measure of future performance.

CELEBRATION OF LOST TIME INJURY (LTI) FREE WORKHOURS

Project	LTI Free Workhours (in Millions)
Marjan Pkg 1 Project	25M
KSA Jubail	4M
KSA Tanajib	26M
Batam Fabrication Yard	24M
Onshore	11M
Subsea & Floating Facilities	15M
CB&I Arabian Tank Manufacturing Shop	8M

COMMITMENT TO DEVELOPING OUR EMPLOYEES

We continuously drive industry leading QHSES performance by investing in employees through training and competency programs.

Several of our training programs have received accreditation with City & Guilds and the American National Standards Institute’s (ANSI) International Accreditors of Continuing Education and Training (IACET). Accreditation recognizes the quality of our QHSES training programs, and is a testament to our commitment to investing in people.

BATAM TECHNICAL TRAINING CENTER

In 2022, our Batam Technical Training Center (BTTC) in Indonesia was inaugurated with a renewed focus on people. With 14 training rooms and 4 training locations (Welding and Craft Training Shop, Rigging and Scaffolding), BTTC’s mission is to develop competent and safe craft employees who will adhere to quality standards, increase productivity, and deliver operational excellence. BTTC achieved 28,826 training hours, with 2,032 employees who attended craft training programs in 2022.

QHSES DATA MANAGEMENT SYSTEM – INTELEX

In 2022, we rolled out a real-time QHSES Performance Dashboard within our QHSES Data Management System – Intelex. This:

- Establishes that our QHSES Management System effectively meets the objectives stated in our QHSES Policy
- Enables easier access to the analysis and review of QHSES performance
- Enables the identification of adverse trends and mitigation of risks
- Enables the continuous improvement of QHSES performance



unifi, McDermott’s management system, is the central nexus for policies, processes and procedures in ensuring predictable and effective execution and operational efficiency through standardization and improved business performance.



520,166

QHSES training hours recorded globally in 2022

Social responsibility

Partnering with local communities for sustainable development.

Our global footprint requires a systematic approach to social responsibility that establishes a consistent framework and implementation, while respecting local cultures, religions, laws, regulations, and above all, people.

Our commitment to sustainable development prioritizes stakeholder engagement, while minimizing disruption to our business and impacts to the communities where we operate. McDermott invests in communities through employment, local purchasing, and supporting community initiatives with social investment programs and employee volunteering. Our social responsibility initiatives focus on reducing social risk and optimizing social benefits for communities where we operate.

The Level 1 Social Risk Assessment is performed in the proposal/pre-contract stage for projects. For assets or fixed sites, it is performed at least once every three years.

Level 1 Social Risk Assessment Factors:

1. Execution in high-risk country
2. Presence of Indigenous Peoples, sensitive populations, conflict, human rights issues or organized opposition
3. Multilateral or ECA financing, tax agreements, or CBAs with MDR involvement
4. Bid, contract, or legal requirements for compliance with an international standard or customer framework
5. Subject to permits that require social and environmental assessment
6. Risk level of scope of work for engineering, construction, and/or fabrication and associated typical impacts
7. Risk level of site characteristics

In 2022, we performed Level 1 Social Risk Assessments on forty-eight (48) sites. Over half, 54%, of these sites were assessed as low risk. A majority of the low-risk assessments were associated with offshore project sites, which typically present lower social risks.

McDermott's social responsibility program is governed by a Social Management System aligned with the International Finance Corporation (IFC) Performance Standards and ISO26000:2015. In 2020, we announced specific goals to help measure our social responsibility progress.

In 2022, we made good progress on our stated sustainability targets, and we will continue our focus on achieving (and maintaining) remaining targets in 2023.

SOCIAL RISK AND IMPACT MANAGEMENT

Our Social Management System, created in 2019, sets clear expectations and guides management of social risks and impacts as part of our social responsibility process. Social Risk Assessments are performed at the proposal stage of a project and used to assist in developing a Social Responsibility Plan for each operational site classified as a significant site.

Social Responsibility Plans are tailored to the specific context and location of the operations and focus on addressing and mitigating identified social risks and impacts. Plans are inclusive of a culturally appropriate stakeholder engagement plan and an integrated community grievance mechanism. Having dedicated Social Responsibility Plans allows local project teams to identify, prioritize, and optimize benefits for local content, DE&I, and social investment.



Community engagement

Our community engagement and community grievance processes are designed according to site-specific needs.

Community engagement is fundamental to our commitment to regular and frequent two-way dialogue with local stakeholders. We recognize that our operations can impact local communities, and we provide forums to understand and proactively address their concerns, questions, and inquiries to the extent possible.

TILENGA PROJECT

Our Tilenga Project exemplifies how we engage with community members and chairpersons of the six local districts closest to the project to discuss impacts and employment opportunities.

People living in these six districts are given priority for employment (skill dependent) as they are located near the project site and therefore affected most by its impacts (adversely and positively).

In 2022, the Tilenga Project had 94% of Ugandan nationals working for the project, out of which 41% were from the six local communities.

COMMUNITY GRIEVANCES

Our community grievance process is designed according to site-specific needs. At minimum, each of our sites around the world provide a dedicated local or national number to call and / or email located on our company website.

During 2022, we received and resolved 26 community grievances, relating to concerns on noise, road traffic, vessel traffic, fishing activities disruption, lack of employment/ underemployment, and local supplier not selected for contract.

94%
Ugandan nationals working for Tilenga Project in 2022



Social investment

We believe in meaningful social investment that requires understanding each local community to generate the greatest social benefit.

McDermott continues to identify social investment opportunities that create long-term benefits for local communities and add value to our operations in in these three categories: Health and Well-being, Environment, and Economics and Education.

- **Health and Well-being:** McDermott contributed 2,400 water bottles and 2,100kg of nonperishable food to a local NGO for the Brazil Flood Disaster Relief
- **Economics and Education:** Engaged 1500 Demo Farm Business Units (60% women) from Buliisa, Uganda on sustainable farming practices
- **Environment:** Teamed up with the customer to donate 400 gold teak trees to the 'Batam Green 2022' initiative

PERSONAL PROTECTIVE EQUIPMENT (PPE) PROJECT IN TILENGA



Our investment improved the tailoring skills and provided business development for women who operate small and medium enterprises (SMEs). The goal is to train and equip 200 project beneficiaries (85% women) in PPE production, enhance tailoring skills, and provide business management support, while tailoring garments to specific PPE industry standards. The funding assisted in establishing three PPE tailoring hubs and production units to supply the construction industry and related sectors within the region – located in Buliisa, Nwoya, Hoima, and Pakwach districts. The projects started in late 2022 and will continue in 2023.

DEVELOPING THE LOCAL WORKFORCE IN WEST AFRICA

In 2022, we also successfully delivered subsea training courses to key stakeholders in Mauritania in line with our social investment plan and commitment to transferring knowledge and skills to the local Mauritanian workforce. The in-depth training provided insight into deepwater oil and gas operations, covering health and safety, ethics and compliance, subsea engineering, construction, marine operations, and project logistics topics. Last year we also delivered an Offshore Experience Program aimed at supporting the development of young engineers. The candidates spent two weeks onboard our flagship vessel DLV2000, working alongside the offshore team. They received guidance and mentorship from field engineers and gained exposure to real-life subsea operations.



Human rights

Our dedicated goal to conducting human rights due diligence at significant sites demonstrates our commitment to proactively identifying human rights risks.



By December 2022, we had achieved 38% of our human rights due diligence goal. Our 2023 plan includes conducting internal human rights audits and/or self-assessments at our remaining significant sites, including the Tilenga project site in Uganda, the Golden Pass project site in Texas, United States, the Mozambique LNG project site in Mozambique, the Altamira fabrication yard in Mexico, and the Qingdao McDermott Wuchuan joint venture fabrication yard in China. In doing so, McDermott will achieve 100% of its human rights' due diligence goal. We also recognize the importance of human rights audits and compliance to our customers, and we are committed to supporting their increasing demand for these services.

Every year we publish our Modern Slavery Statement, which describes our actions taken to identify modern slavery risks in our business and supply chain and sets out the procedures to address risks. With operations across the globe, our material modern slavery risks include the potential for forced labor issues with subcontractors that employ migrant workers from developing countries.

HUMAN RIGHTS TRAINING AND AWARENESS

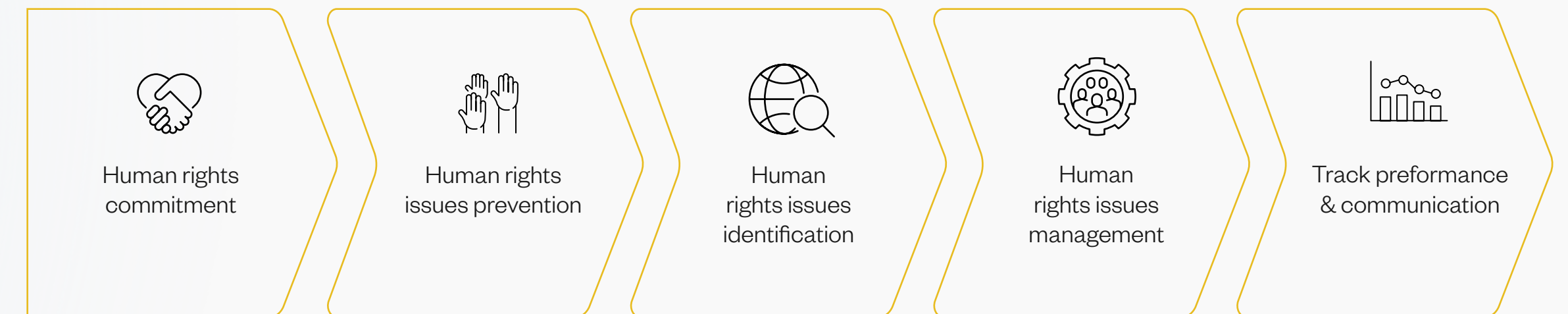
In 2022 McDermott performed the following training and awareness modules:

- Fabrication Yard workers received human rights (including forced labor) awareness training during induction, applicable to all contractors and subcontractors
- Introduction to Human Rights and Labor Rights to 2,579 employees and contractors
- Human Trafficking awareness training completed by 6,906 management employees
- Voluntary Principles on Security and Human Rights training for 110 employees, contractors, and subcontractors

RETIRING THE DERRICK BARGE 27 VESSEL

After 40 years of service on McDermott projects, we retired our Derrick Barge 27 vessel in 2022 and sold it for decommissioning. As vessel decommissioning is an activity associated with high social risk, we performed pre-sale Human Rights and QHSE Audits on potential decommissioning shipyards in India. This provided verification that the selected ship recycling facility meets the requirements of our compliance policies and ethical standards. The audit conducted included physical site inspections and worker interviews.

MCDERMOTT'S HUMAN RIGHTS DUE DILIGENCE PROCESS IS BASED ON FIVE AREAS:



Putting our values and standards into action requires everyone

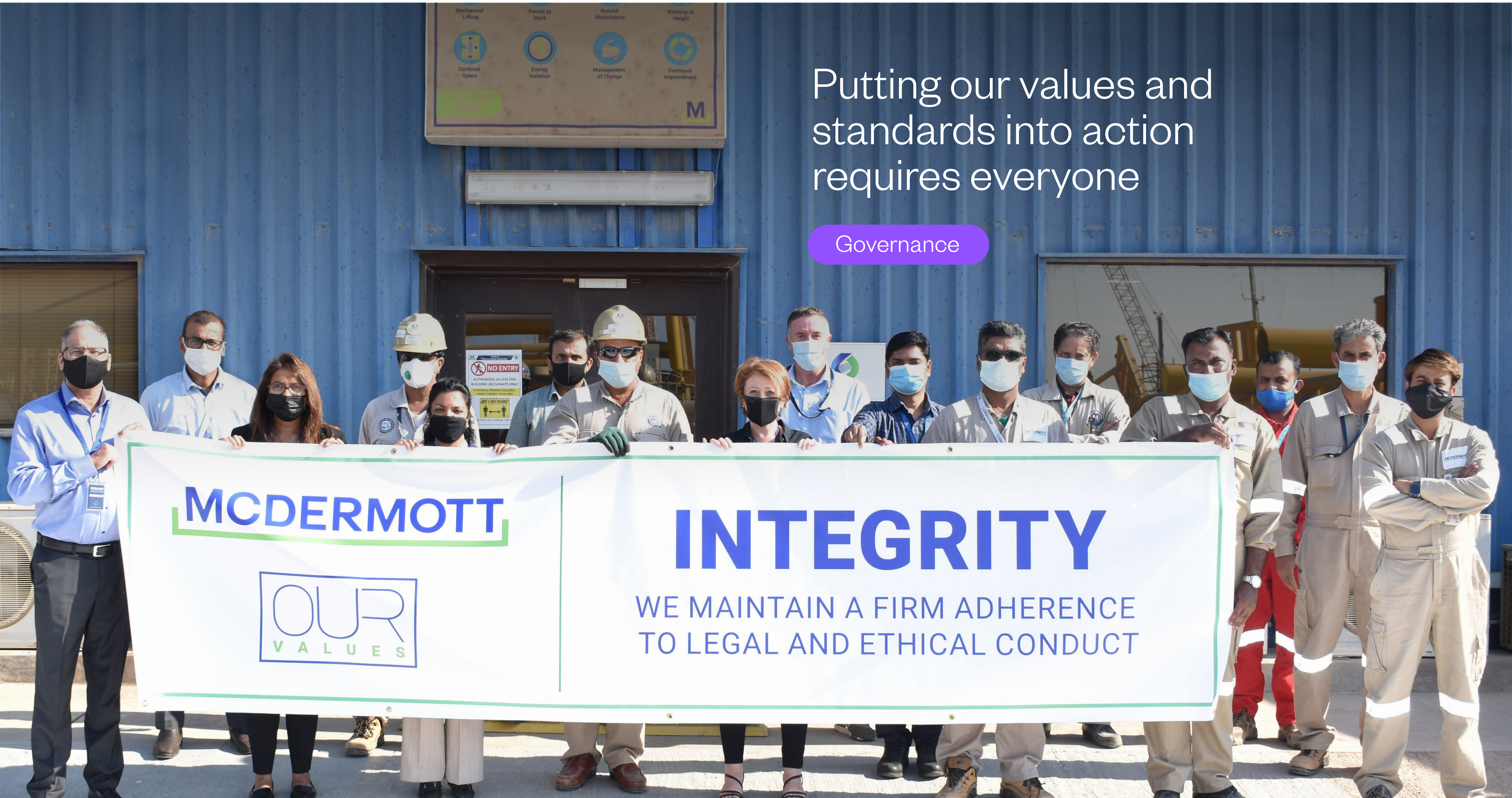
Governance

MCDERMOTT



INTEGRITY

WE MAINTAIN A FIRM ADHERENCE TO LEGAL AND ETHICAL CONDUCT



As a global company, we understand that **governance** activities may be implemented differently **across the world**

At McDermott, we provide our employees with the skills and tools along with our expectations to maintain a consistent approach in the way we do business.

CORPORATE GOVERNANCE AND BOARD OVERSIGHT

The members of the McDermott Board of Directors bring significant experience from the energy industry, risk oversight and management, sustainability, energy transition, technology and innovation, health, HSE, finance, investment banking, international operations, and government sectors. This diverse range of expertise promotes sound governance and effective oversight of our performance and long-term strategic direction, including our ESG strategies.

The McDermott Board has four committees, each responsible for specific areas of oversight and governance:

- Audit Committee
- Governance Committee
- Risk Committee
- Compensation Committee

Our Board of Directors recognizes the benefits of diversity. Any search for potential director candidates considers diversity as to gender, race, ethnic background, and personal and professional experiences. The Board of Directors has adopted Corporate Governance Guidelines to guide any independent director search firm retained to assist in the identification of director candidates.

BUSINESS ETHICS

Integrity is ingrained in our core values and serves as the cornerstone of our past achievements and future success. We are committed to conducting business to the highest ethical standards. Our [Code of Business Conduct](#) guides our daily interactions and practices and applies not only to McDermott employees, but also to our suppliers, subcontractors, and business partners.

Leadership and oversight of our compliance program are provided by our Chief Ethics and Compliance Officer, our Executive Committee, and our Board of Directors. Our commitment to integrity is supported by our policies, management systems, and processes. We empower our people to suggest recommendations for continual improvement and voice their concerns without fear of retribution or retaliation.

COMPLIANCE TRAINING & CERTIFICATIONS

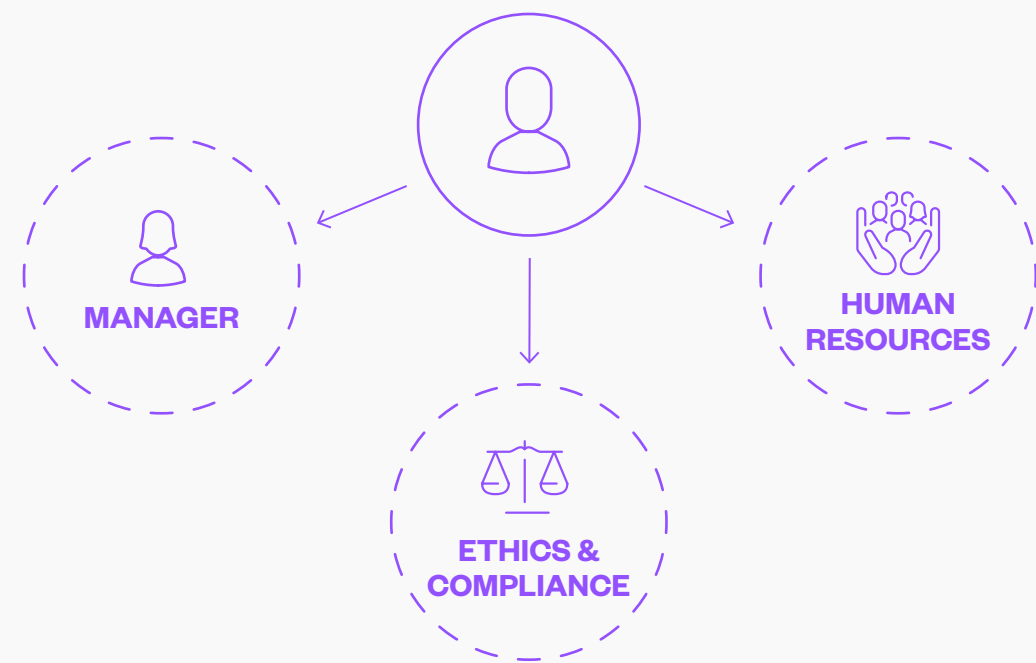
In 2022, our annual Ethics and Compliance training program included modules on Anti-Bribery, Human Trafficking, and Workplace Harassment. More than 6,900 employees in McDermott offices globally completed this training as a mandatory requirement.

Our compliance program also requires employees to submit an annual Code of Business Conduct Certification, to declare if they are aware of any conflict of interest, unfair treatment, or other compliance concern.

ETHICS HELPLINE

All stakeholders, including employees, contractors, suppliers, and community members, are encouraged to report concerns, grievances, questions, or suspected violations of McDermott’s Code of Business Conduct through our Ethics Helpline or other available reporting channels. Anyone submitting a report through the Ethics Helpline can remain fully anonymous.

There are several ways our employees can report a concern, from working with their direct supervisor, to meeting with human resources, or by direct contact with a member of the Ethics and Compliance Team or the Chief Ethics and Compliance Officer.



When an ethics-related complaint is received, it progresses through our investigation process for timely resolution. Our investigation process includes protocols for documentation, feedback, and maintaining anonymity, as requested. The investigative process, documentation, and feedback loop allow us to identify lessons learned from reported concerns and provide focal areas for communication and training.

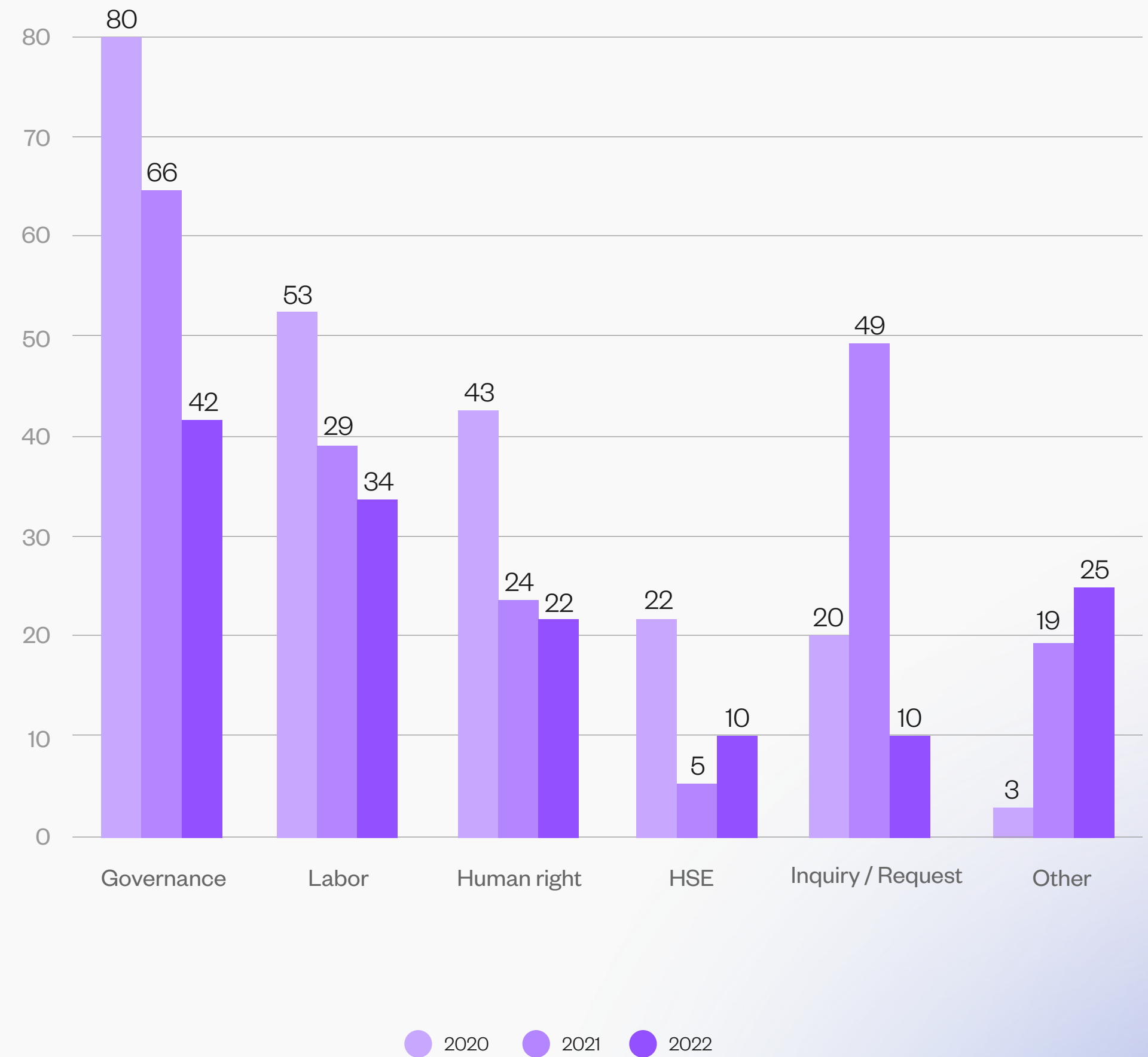
GRIEVANCES RECEIVED FROM ETHICS HELPLINE*

In response to feedback that not all employees knew how or were comfortable speaking up, we designed a ‘Speak Up Campaign’. A 2021 pilot in our Jebel Ali fabrication yard confirmed that the program raised knowledge and understanding of both company expectations and ways for employees to communicate concerns and ideas. In 2022, we implemented the campaign and provided training on internal reporting and grievance processes at our fabrication yards in Batam, Indonesia and at the Tilenga project site in Uganda. Training was also provided to employees and subcontractors on seven of our McDermott-owned vessels.

To address access and language gaps, we provide printed Speak Up Cards at our work sites, supplemented with an electronic reporting format easily accessed through a QR Code system. This helps us overcome language and technology barriers that otherwise may prevent employees from reporting concerns. We continue to provide phone and in-person reporting options.

*McDermott’s Ethics Helpline is hosted by an external third party so that reporters have the option to remain fully anonymous. McDermott has dedicated specialists within our internal Ethics and Compliance function who are committed to investigate each concern or claim. We maintain a strict whistleblower policy and do not tolerate retaliation.

GRIEVANCES RECEIVED FROM ETHICS HELPLINE*



Supply chain management

Suppliers play a vital role in the successful compliance and ethical delivery of our projects.

Developing a robust supplier engagement strategy is important in how we communicate, support, monitor, and achieve progress on our supply chain commitments.

SUPPLIER ESG SCREENING AND QUALIFICATION

Our Supply Chain Management (SCM) and Ethics and Compliance teams partner to evaluate suppliers against our ethical and sustainability standards. Before onboarding in our supplier register, prospective suppliers must acknowledge and agree to abide by McDermott's Code of Business Conduct and attest to their ethical treatment of their employees, subcontractors and suppliers, customers, and government authorities. Prospective suppliers must also pass screenings based on sanctions and export control regulations, as well as review by an internal trade compliance specialist, where applicable.

Any supplier identified as not meeting our standards is flagged and removed from our SCM system as not eligible for future business.

100% of our new suppliers that onboard through our Supplier Registration Portal are screened on human rights issues prior to registration, covering child labor, forced labor, human trafficking, labor rights, and working conditions. McDermott conducted 1,748 surveys with existing suppliers in 2022.

SCM TRAINING

In 2022, we implemented our Supply Chain Learning program targeted to all members of our SCM function. This program focuses on Supply Chain ethics as a key component of our integrity value and compliance policies. Since its launch in June 2022, each of the six learning sessions hosted an average of 140 participants per session.

SUPPLIER SPEND ANALYTICS

We have engaged a spend analytics provider to generate Artificial Intelligence (AI) powered spend analysis based on purchase orders, subcontracts, invoices, and other SCM data. This assists our teams in understanding our upstream carbon footprint and provides data for McDermott's Scope 3 emissions using a spend-based average method. The spend analytics reports also provide supplier diversity information allowing us to analyze spend by project and category to assist our buyers in identifying diverse and underrepresented companies for inclusion in sourcing events.

100%

of our new suppliers are screened on human rights issues prior to registration

Enterprise risk management

Our Enterprise Risk Management Program provides awareness of risks, subsequently supporting increased efficiency and effectiveness of our operations.

Our ISO-aligned (ISO 31000:2018) Enterprise Risk Management (ERM) Program is designed to continuously facilitate the identification and management of enterprise risks and support consistent risk-based decision making across the organization.

In 2022, we made the following improvements to our ERM process:

- Added a longer-term (>12 months) scenario to our annual enterprise risk assessment process, identifying and evaluating risks across our business operations and organizational functions
- Increased consistency, efficiency, and accountability by moving our risk management process into the Intalex web-based platform (rollout 1Q 2023)

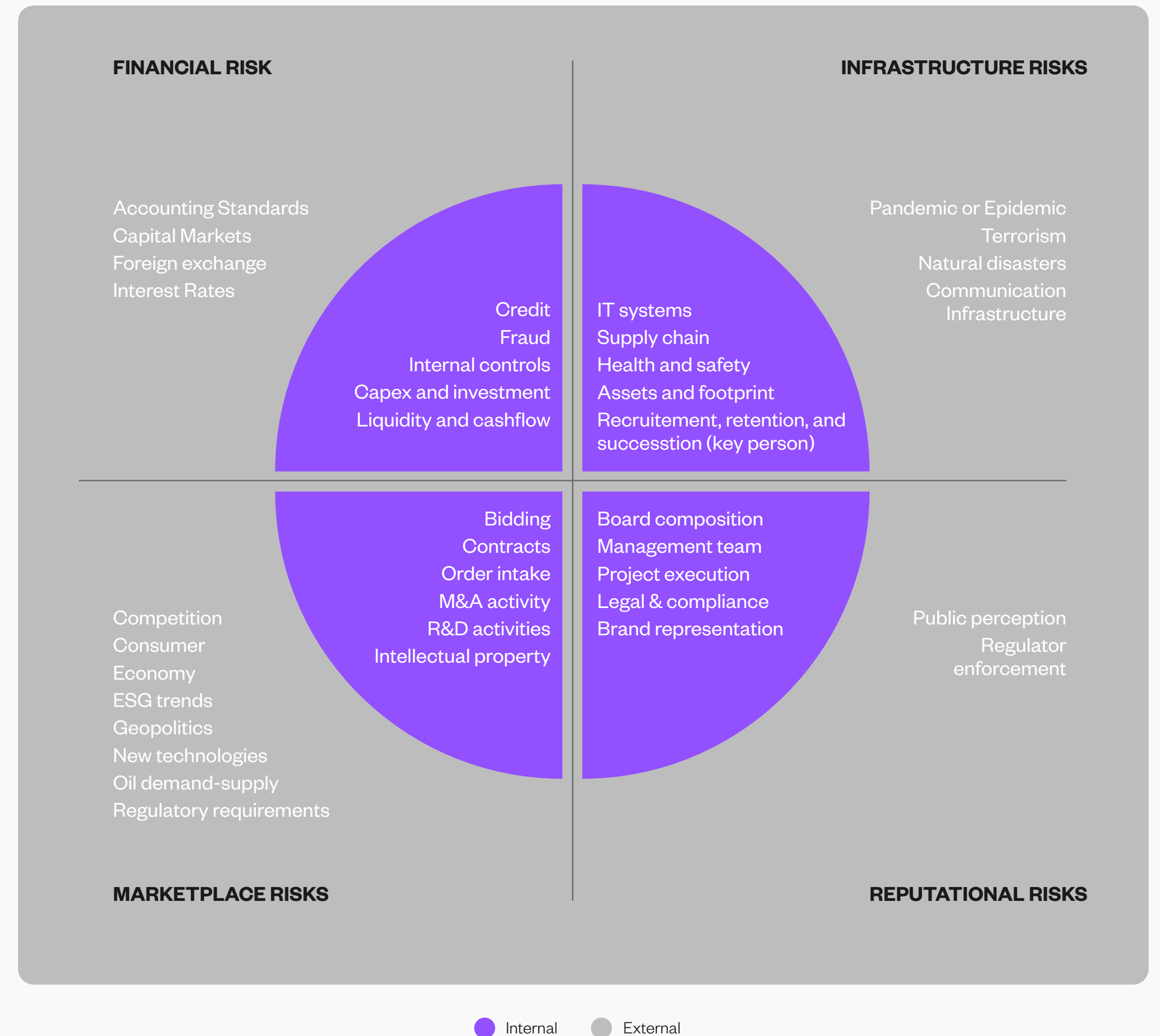
- Expanded our Internal Auditing remit to include review of risk mitigation and implementation plans to provide insights for continual ERM process improvements

ENTERPRISE RISK OVERSIGHT AND OWNERSHIP

Led by our Executive Vice President, Sustainability and Governance, McDermott's ERM program is under the oversight of our Board Risk Committee. Enterprise risks and mitigation plans are captured in an Enterprise Risk Register, which is subject to regular review by the Board Risk Committee and our Executive Committee to monitor our ERM program's effectiveness in creating long-term business resiliency.

Enterprise risks identified as needing active management are referred to as Key Enterprise Risks and are assigned Risk Managers. Each Risk Manager works with other stakeholders across the company as required to effectively develop and implement mitigation plans.

ENTERPRISE-LEVEL RISK CATEGORIES



Cybersecurity and data privacy

Our industry faces constant and evolving risks related to cybersecurity and data privacy. Our policies and culture are designed to respond and robustly safeguard our corporate identity and highly sensitive information.

We prioritize confidentiality and routinely test and adjust our procedures, systems, and practices with regards to our company, employee, and customer personal and proprietary information as its secured, stored, and retired.

We regularly train our employees on our policies for sensitive electronic records, cybersecurity, and data privacy. This includes providing quarterly data privacy training and awareness sessions for our approximately 250 employees who regularly process personally identifiable information (PII).

Although our ISO27001 certification underwent its 3-year renewal in 2022, we continue to audit for compliance on an annual basis. Our focus is to develop our systems and processes to improve cyber risk mitigation strategies in response to new technology and an ever-changing global threat landscape.

Hosted Cyber Security Awareness Month (CSAM)

Conducted

55,000+

phishing assessments for employees and contractos





Driving progress through transparent reporting

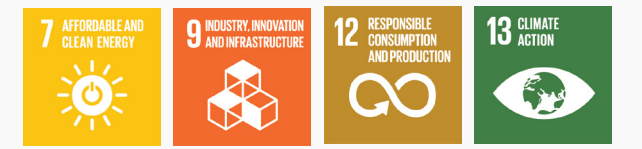
Framework Alignment

Framework Mapping Index

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*McDermott used these international frameworks as a guide for the 2022 Sustainability Report. References indicate full or partial alignment to the standard.

McDermott does not claim compliance with these standards. This index is intended to help stakeholders navigate to related topic areas.



Task Force on Climate-related Financial Disclosures (TCFD) Index

McDermott’s climate reporting is guided by the recommendations of TCFD. We are candid and do not claim full TCFD compliance; we are advancing year on year. This index is designed to help stakeholders navigate to related sections.

TCFD disclosure description	Location in McDermott 2022 Sustainability Report
GOVERNANCE: Disclose the organization’s governance around climate-related risks and opportunities.	
Recommended Disclosure a) Describe the board’s oversight of climate-related risks and opportunities	Our approach to sustainability Climate-Related Risk process and TCFD
Recommended Disclosure b) Describe the management’s role in assessing and managing climate-related risks and opportunities	Climate-Related Risk process and TCFD
STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	
Recommended Disclosure a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term	Climate-Related Risk process and TCFD
Recommended Disclosure b) Describe the impact of climate-related risks and opportunities on the organizations’ businesses, strategy, and financial planning	Climate-Related Risk process and TCFD
Recommended Disclosure c) Describe the resilience of the organizations strategy, taking into consideration different climate-related scenarios, including a 2-degree Celsius or lower scenario	Climate-Related Risk process and TCFD
RISK MANAGEMENT: Disclose how the organization identifies, assesses, and manages climate-related risks.	
Recommended Disclosure a) Describe the organization’s processes for identifying and assessing climate-related risks	Climate-Related Risk process and TCFD Enterprise Risk Management
Recommended Disclosure b) Describe the organization’s process for managing climate-related risks	Climate-Related Risk process and TCFD Enterprise Risk Management
Recommended Disclosure c) Describe how processes for identifying, assessing, and managing climate-related risks are the organization’s overall risk management	Climate-Related Risk process and TCFD Enterprise Risk Management
METRICS: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Recommended Disclosure a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in with its strategy and risk management process	Climate-Related Risk process and TCFD
Recommended Disclosure b) Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions and the risks	GHG Reductions Efforts Performance Data tables
Recommended Disclosure c) Describe the targets used by the organization to manage climate-related risks and opportunities	Environmental Management and performance against targets Progress to Date- 2022

Environment Performance Data

GHG EMISSIONS:

Indicator		Unit	2020	2021	2022
Greenhouse gas emissions – Operational Control [A] [B] [C] Accounting scope 2 market-based unless stated otherwise					
Scope 1 (direct)		Metric Tons CO ₂ e	183,523	179,948	181,138
Scope 2 (indirect)		Metric Tons CO ₂ e	69,286	30,360	16,749
Scope 2 (indirect) - location-based		Metric Tons CO ₂ e	69,286	63,389	61,069
Total scope 1 & 2		Metric Tons CO ₂ e	252,809	210,308	197,887
Scope 1 & 2 by site type	Accommodations	Metric Tons CO ₂ e	1,289	654	716
	Construction site	Metric Tons CO ₂ e	29,024	14,466	16,123
	Fabrication (D)	Metric Tons CO ₂ e	85,076	49,102	41,673
	Logistic site (D)	Metric Tons CO ₂ e	2,244	3,642	1,467
	Office	Metric Tons CO ₂ e	13,360	6,694	7,850
	Vessel	Metric Tons CO ₂ e	121,816	135,751	130,058
Absolute Scope 1 & 2 reduction versus 2020 base year		%	-	17%	22%
Scope 3					
Waste generated in operations [E]		Metric Tons CO ₂ e	30,395	13,903	9,931
Fuel related activities not included in Scope 1		Metric Tons CO ₂ e	15,174	1,994	3,341
Electricity related activities not included in Scope 2		Metric Tons CO ₂ e	899	5,902	5,482
<p>[A] GHG emissions follow operational control approach with the exception of contributions from McDermott joint ventures within equity share above 15% share (3 facilities).</p> <p>[B] GHG emissions reporting is based on carbon dioxide-equivalent (CO₂e), a standard unit for measuring carbon footprints. The conversion factors to calculate CO₂e are mainly based on EPA, IEA, and Defra.</p> <p>[C] Scope 1 emissions are direct emissions from sources that are owned or controlled by McDermott. Scope 2 emissions are indirect emissions from purchasing of electricity, heat, cooling and steam. Scope 3 data includes other indirect emissions from sources not owned or controlled by McDermott but whose emissions McDermott influences (e.g., electricity or fuel provided to McDermott or consumed by third parties within a McDermott site) and not accounting subcontracted vessels and procurement.</p> <p>[D] Variation of 2021 report due to rectification of one logistic site that should have been identified as Fabrication site type.</p> <p>[E] For Scope 3 waste generation emissions: landfill, recycling and offsite incineration are the only treatment methods considered and from waste managed by McDermott (e.g., generated by McDermott directly and disposed of by the company). Waste transportation to the final destination is not considered.</p>					

ENERGY:

Indicator		Unit	2020	2021	2022
Energy consumption captured within Scope 1&2					
Electricity (Scope 2)	Electricity from grid	MWh	129,481	109,535	105,862
	Heat consumption from grid	MWh	1,764	1,293	971
	Total	MWh	131,245	110,828	106,833
Electricity from on-site solar generation		MWh	0	0	18
Renewable Electricity		%	-	38	63
Fuel (Scope 1)	Diesel (direct)	MWh	694,524	657,580	682,399
	Gasoline (direct)	MWh	13,366	9,952	13,632
	Propane (direct)	MWh	1,736	1,414	1,316
	Natural gas (direct)	MWh	10,526	6,437	7,714
	Used oil (direct)	MWh	42	33	0
	Biodiesel 20% (direct)	MWh	0	284	357
	Biodiesel 30% (direct)	MWh	0	26,300	32,235
	Total	MWh	851,439	812,828	844,504
Energy consumption not included in Scope 1&2 (Scope 3) [A]					
Electricity		MWh	2,715	15,685	16,296
Fuel	Diesel (indirect)	MWh	193,271	13,874	18,740
	Gasoline (indirect)	MWh	1,002	169	836
	Natural gas (indirect)	MWh	0	1,211	1,105
Total		MWh	196,988	30,939	36,977
<p>[A] Energy consumption not included in scope 1&2 refers only to electricity and fuel consumed from sources not owned or controlled by McDermott but whose emissions McDermott influences (e.g., electricity or fuel provided to McDermott or consumed by third parties within a McDermott site). Not accounting subcontracted vessels and procurement.</p>					

Environment Performance Data

(continued)

MARINE:

Asset	Scope 1&2 GHG emissions (Tonnes CO2e)			Carbon Intensity (Scope 1&2 GHG emissions per hours underway)		
	2020	2021	2022	2020	2021	2022
All vessels	121,816	135,751	130,058	5.76	4.14	3.86
Estimated emissions reduction due to asset retirement [A]	1,548	6,266	14,496	-		

[A] Estimation based on average vessel emissions.

[A] Waste is reported by waste type, stream and disposal method associated considering local regulations definition at the point of generation, with exception of Hazardous waste that also includes all medical and electronic waste. The waste diversion ratio provides measurable relation to compare the total waste disposed versus the waste that was diverted from going to landfill, incinerated or other (hailed off-site, on-site discharge, open burning, permitted discharged, treatment).

[B] Reuse waste data is a gap mitigated this year and for that reason and for the sake of consistency and transparency McDermott continues reporting diversion rates and reduction vs 2020 baseline without accounting reuse waste.

WASTE:

Indicator (A)	Unit	2020	2021	2022	
Waste	Solid	MT	508,616	882,521	906,700
	Liquid	m3	126,833	199,068	74,661
Waste diverted	Solid	MT	372,262	857,796	885,820
	Liquid	m3	380	151	143
	Solid	%	73.2	97.2	97.7
	Liquid	%	99.7	99.9	99.8
Waste [B]	Solid	MT	176,813	159,460	88,443
	Liquid	m3	126,820	199,051	74,661
Waste Diverted [B]	Solid	MT	40,459	134,736	67,563
	Liquid	m3	366	134	143
	Solid	%	22.9	84.5	76.4
	Liquid	%	0.3	0.1	0.2
Reduction vs 2020 baseline [B]	Solid	%	-	9.8	50
Waste by type					
Non-Hazardous	Solid	MT	110,537	37,712	42,780
	Liquid	m3	9	16	26
Hazardous	Solid	MT	10,428	7,628	7,382
	Liquid	m3	407	118	117
Construction & Demolition	Solid	MT	387,650	837,180	856,538
Waste Water	Liquid	m3	126,417	198,934	74,518
Waste by disposal method					
Landfil	Solid	MT	131,182	24,260	20,280
Incinerated	Solid	MT	2,170	457	594
	Liquid	m3	49	0	0
Other non diverted waste	Solid	MT	3,002	7	6
	Liquid	m3	126,404	198,917	74,518
Reuse	Solid	MT	331,802	723,061	818,257
	Liquid	m3	13	17	0
Recovery	Solid	MT	145	388	698
	Liquid	m3	71	47	70
Recycling	Solid	MT	38,162	132,723	56,717
	Liquid	m3	213	87	72
Composting	Solid	MT	521	243	123
Resell	Solid	MT	551	1,199	9,952
Waste to Energy	Solid	MT	1,081	183	73
	Liquid	m3	82	0	0

Environment Performance Data

(continued)

WATER:

Indicator [A] [B] [C]		Unit	2020	2021	2022
Water Consumption	Potable water	m3	784,233	701,265	783,193
	Water withdrawal	m3	591,817	271,211	253,475
Total		m3	1,376,050	972,476	1,036,668
Water Consumption reduction vs 2020 baseline		%	-	29.3	24.7
Water reused		m3	13,479	22,887	21,863
Water reuse ratio		%	0.98	2.35	2.11

[A] Potable water consumption refers to water obtained from municipal water suppliers and municipal water treatment plants, public or private utilities, and other organizations involved in the provision, transport, treatment, or use of water. Drinking water provided in single use bottles or jars may not be included in this definition.

[B] Water withdrawal considers water drawn from surface water or a third party considered as customer supplied water, water trunks purchased, external sources not considering municipal, local or city water supplied directly to MDR sites.

[C] Water reused includes the sum of all water reused or recycled for different purposes such as landscape irrigation, industrial process water, toilet flushing, dust control, etc. Water reuse accounts not only total water consumption that have been reused but also water captured from natural resources and stored (e.g. rainwater captured on artificial pond).

SPILL DATA:

Level 3 - Significant Releases [A][B]		Unit	2020	2021	2022
Air					
Event/s		Number	1	0	0
Release Type		Description	Natural Gas/ Liquid Vapor	0	0
Amount		Pounds- lb	1,015	0	0
Land					
Event/s		Number	1	1	2
Release Type		Description	Hydraulic Oil	Hydraulic Oil	1,600L Wastewater + 151L Oil
Amount		Liters - l	130	150	1,751
Water					
Event/s		Number	4	2	2
Release Type		Description	Hydraulic Oil	Hydraulic Oil	1,900L Hydrostatic Test Water + 100L Mono Ethylene Glycol
Amount		Liters - l	6	0.3	2,000
Total L-3			6	3	4

[A] 2020-2021 Definition: Spills reportable to regulatory agencies, any spill to water, quantities greater than or equal to 95L (2020 & 2021 QHSES-GEN-FM-00200.01_QHSES Risk Matrix V.1-4)

[B] 2022 Definition: Non Conformance that required a notification that triggers an AGENCY official notification of a violation, improvement plan, fine or visit, spill quantities greater than or equal to 95L (QHSES-GEN-FM-00200.01_QHSES Risk Matrix V. 5.0)

Loss of Containment [C]	Unit	2020	2021	2022
Total amount	Liters - l	29,091	1,177	6,191

[C] For each spill, report the total volume spilled out of containment in liters and the type of material spilled e.g., oil, concrete washout, fuels, etc. (QHSES-ENV-PR-00600.00 Environmental Performance Indicators (EPI) V. 3.0)

Loss of Containment [C]	Unit	2020		2021		2022	
Top 3 materials	Material Description and Liters - l	Wastewater	5,005	Oil (Hydraulic, Motor, etc.)	764	Hydrostatic Test Water	1,911
		Sewage	1,578	Diesel	247	Oil (Hydraulic, Motor, etc.)	1,784
		Oil (Hydraulic, Motor, etc.)	1,548	Antifreeze / Coolant	27	Wastewater	1,607

Social Performance Data

People	Unit	2020	2021	2022
Employment, Recruitment and Turnover				
Total # of Employees	Number	28,100	25,623	27,639
Full Time Employees	%	83.6	87.13	87.4
Part Time Employee	%	16.4	12.87	12.6
% of Professional	%	43.2	45.4	44.8
% of Craft	%	56.8	54.6	55.2
Employees by Nationality	Number	108	106	109
# of Countries Workforce hosted	Number	32	35	37
Average Employee Age	Number	41.03	41.81	41.59
Average Tenure	Number	6.64	7.36	6.43
Employee Generation				
Silent Generation	%	0.1	0.09	0.02
Baby Boomers (1946-1964)	%	8.41	7.53	6.28
Gen X (1965-1980)	%	39.22	39.57	36.55
Millennials (1981-1996)	%	48.57	48.69	51.24
Gen Z (1997-2012)	%	3.7	4.11	5.9
Recruitment				
Year to date hire	Number	6,394	9,443	11,218
New Hires: Female	Number	412	603	815
Female Resigned	Number	392	374	428
NET Increase in Female Employees Globally	Number	20	229	387
New Hires: by Age group				
58-76	Number	322	465	403
42-57	Number	1,756	2,805	3,118
26-41	Number	3,424	5,210	6,596
Below 25	Number	870	947	1,093
Other	Number	22	16	8

People	Unit	2020	2021	2022
Turnover				
Total turnover (professional and craft)	%	66.01%	44.50%	32.98%
Professional turnover	%	51.94%	23.31%	23.66%
Voluntary	%	12.95%	11.20%	15.99%
DE&I				
Total workforce by Gender				
Male	Number	25,490	23,317	25,176
Female	Number	2,610	2,306	2,431
Total Professional Workforce by Gender				
Male	Number	9,799	9,530	10,150
Female	Number	2,335	2,105	2,225
Leadership Diversity				
Executive				
Female	%	11%	29%	25%
Male	%	89%	71%	75%
Sr. Management				
Female	%	11%	10%	12%
Male	%	89%	90%	88%
Management				
Female	%	11%	12%	13%
Male	%	89%	88%	87%
Professional				
Female	%	14%	14%	13%
Male	%	86%	86%	86%
Entry Level				
Female	%	6%	6%	6%
Male	%	94%	94%	94%

Social Responsibility, QHSES and Governance Performance Data

SOCIAL RESPONSIBILITY

Social	Unit	2020	2021	2022
Social Risk Assessment				
LEVEL 1 Social Risk Assessment	Number	NA	59	48
Community Grievance				
Sites with grievance	Number	8	8	8
Number received	Number	25	8	26
Number addressed	Number	18	8	26
Supplier Diversity Commitment				
Diverse and small businesses	Number	\$129M	\$95M	\$88M
Minority	Number	\$18.6M	\$8.5M	\$7.9M
Women owned	Number	\$69.5M	\$14.7M	\$14M
Veteran owned businesses and disabled veteran owned business	Number	\$11M	\$6.5M	\$5M
Local content: McDermott's host country (national) employment				
Indonesia	%	NA	99%	99%
Uganda	%	NA	91.00%	93.70%
China	%	NA	NA	99.70%
Human Rights Training for craft employees and contractor staff				
Introduction to Human Rights and Labor Rights	Number	NA	NA	2,579
Human Trafficking awareness training	Number	NA	NA	6,906
Voluntary Principles on Security and Human Rights	Number	NA	NA	110

QHSES

QHSES	Unit	2020	2021	2022
Safety				
Total Recordable Incident Rate (TRIR*)	Rate	0.10	0.12	0.13
Lost-time injury (LTI **) of Employees	Rate	0.01	0.01	0.02
High Potential Incidents (HIPOs***)	Number	10	3	5
Total QHSES training hours	Number	470,368	446,962	520,166
Total near miss reports	Number	763	514	590
*Total Recordable Incidents x 200,000/Manhours **Lost Time Incidents x 200,000/Manhours ***Incidents with a Potential Risk Rating of ≥ 16 that causes or had the potential to cause harm to personnel.				

GOVERNANCE

Governance Data	Unit	2020	2021	2022
Speak up! Cases (Received via Ethics and Compliance)	Number	221	201	144
Cases by Issue Type				
Governance	Number	80	65	42
Labor	Number	53	39	34
Human Rights	Number	43	24	23
Health, Safety and Environment	Number	22	5	10
Inquiry/Request	Number	20	49	10
Other	Number	3	19	25
Political Contribution (Monetary value)	USD	\$ -	\$ -	\$ -

Abbreviations

Abbreviation	
AI	Artificial Intelligence
ANSI	American National Standards Institute
API	American Petroleum Institute sustainability reporting guidance
AWL	Advancing Women Leaders
BEH	Bacton Energy Hub
BFY	Batam Fabrication Yard
BMP	Best Management Practices
BTTC	Batam Technical Training Center
CBA	Community Benefit Agreement
CCUS	Carbon Capture Utilization and Storage
CO2	Carbon
CO2e	Carbon dioxide equivalents
COD	Chemical oxygen demand
CoP	Community of Practice
CSIRO	Commonwealth Scientific and Industrial Research Organization
CSR	Corporate Social Responsibility
CZ	Czech Republic
DB27	Derrick Barge 27
DE&I	Diversity, Equity, and Inclusion
ECA	Export Credit Agency
EPCI	Engineering, procurement, construction, and installation
ERG	Employee Resource Groups
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance

Abbreviation	
EV	Electric Vehicle
FEED	Front-End Engineering Design
GEN	Global Expert Network
GHG	Green House Gas emissions
GRI	Global Reporting Initiative Standards
H&S	Health & Safety
H2	Hydrogen
HSE	Health, Safety, and Environment
HVDC	High-Voltage, Direct Current
IACET	International Accreditors of Continuing Education and Training
IFC	International Finance Corporation
IF-EN (SASB sector)	Infrastructure – Engineering & Construction Services metrics
IN	India
IOGP	International Association of Oil & Gas Producers
IPIECA Association	International Petroleum Industry Environmental Conservation
IPMT	Integrated Project Management Team
ISO	International Organization for Standardization
KMIR	Knowledge Management, Innovation, and Research
KSA	Kingdom of Saudi Arabia
kWp	Kilowatt peak (power output of a system)
LCA	Life Cycle Assessment
LNG	Liquefied natural gas
LTI	Lost Time Injury

Abbreviation	
LVNO105	Lay Vessel North Ocean 105
MDR	McDermott
MOV	McDermott's Operational Values
NH3-N	Ammoniacal nitrogen
NL	Netherlands
NSTA	UK North Sea Transition Authority
PII	Personally Identifiable Information
PPE	Personal Protective Equipment
QA	Qatar
QFAB	Qatar Fabrication Yard
QHSES	Quality, Health, Saety, Environment, and Security
QMW	Qingdao McDermott Wuchuan
REC	Renewable Energy Certificate
REF	Direct Reduced Iron Plant (DRP) and Reducing Electrical Furnace
SASB Standards Board	Value Reporting Foundation's Sustainability Accounting
SCM	Supply Chain Management
TCFD	Task Force on Climate-Related Financial Disclosures framework
TRIR	Total Recordable Incident Rate
UAE	United Arab Emirates
UK	United Kingdom
UNSDGs	United Nations Sustainable Development Goals
USD	United States Dollar

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