

Social

McDermott employees work across the globe. We are one global team. As we work across continents and countries, our valued employees collaborate on projects from concept through to commissioning, all dedicated to delivering the energy the world needs today and tomorrow.

WHY IT MATTERS

Our people drive our performance and fuel our growth. In an increasingly competitive market, we work diligently to recruit, retain, and develop our people in the industries we serve. We seek collaboration to transform every opportunity into success for every individual, every project, and the business overall.

HOW WE DO IT

As a global provider of engineering, procurement, construction, and installation (EPCI) solutions, McDermott employs a diverse workforce of professionals and craft workers. Craft workers are key to our business model and success. We deploy a variety of talent acquisition, retention, and succession programs to encourage and recognize employee skills, innovations, and progress.

WHERE WE'RE GOING

Our people power our future. That is why advancing a dynamic, inclusive environment where everyone thrives is critically important to us. We are focused on initiatives that allow McDermott to drive business value through our people. This includes building workforce capability to meet current organizational requirements and future business needs, developing a diverse talent pipeline for key leadership and project roles, and implementing programs and campaigns to attract, recruit, and retain top talent with focus on enhancing employee experience.

TARGETS

2023
80%
of our significant projects
have implemented
signature social
investment programs

2023
100%
Participation
In Human Rights
Programs at
significant sites

2023
75% of
significant
projects
Over \$1B have social
responsibility programs

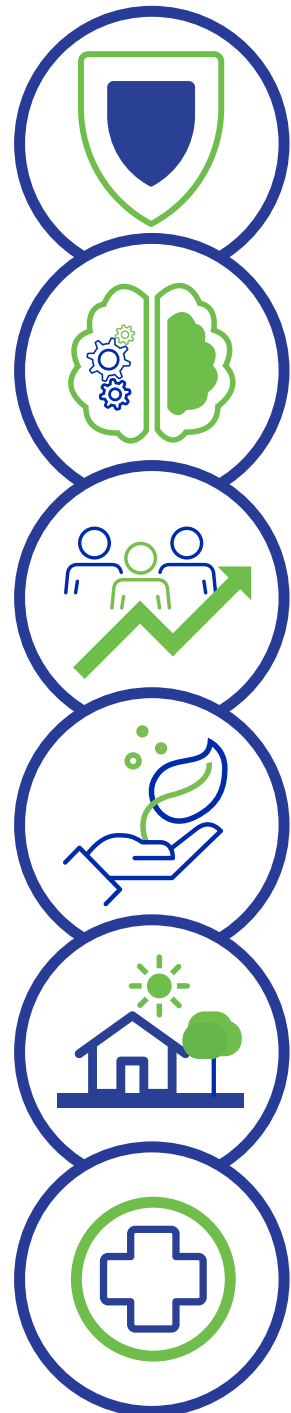
2023
Local
Content
is considered excellent
at **75%** of our significant
projects



People

SOCIAL SUSTAINABILITY PRINCIPLES

Our global social sustainability principles guide all the ways we interact with people across the world, within McDermott, and throughout our communities. We focus on improving health and safety, respecting human rights, and co-creating opportunities for professional and economic growth for our employees and in the communities where we operate.



Protect people by continuously improving our occupational health and safety programs.

Develop resiliency, mental health, and substance abuse prevention and response programs that address high-risk environments.

Build the capacity of people and communities through productive activities, such as employment, entrepreneurship, innovation and technology, and growth of micro, small, and diverse businesses.

Respect the rights of Indigenous Peoples and provide for inclusion of vulnerable and underrepresented groups in our policies and operations.

Invest strategically in community health and safety partnerships and manage our impacts on local infrastructure services.

Improve human rights and global working conditions in our direct operations and supply chain.

OUR WORKFORCE

Our employees are our most important resource. In 2021, our workforce composition was 43 percent professional employees and 57 percent craft workers. The project-focused nature of our work means that our craft workforce fluctuates based on project volume and phases of work.

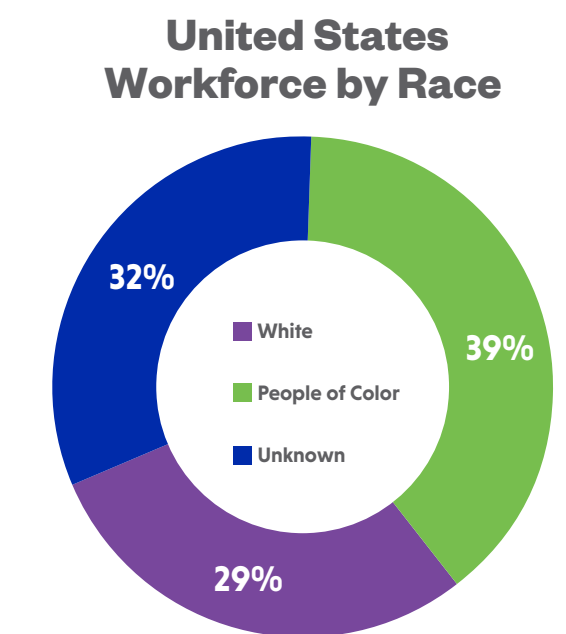
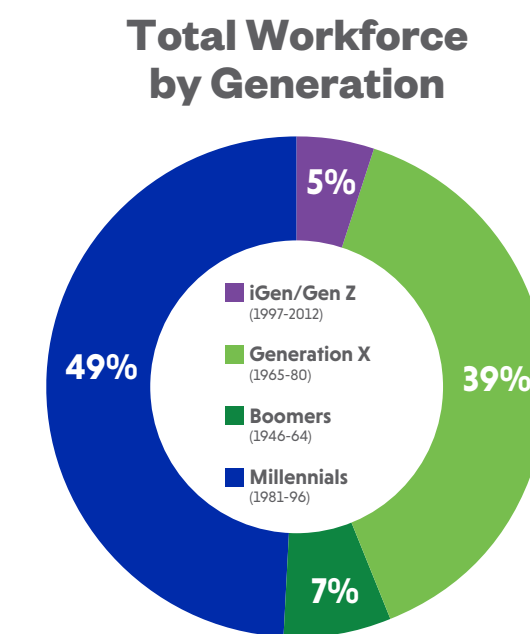
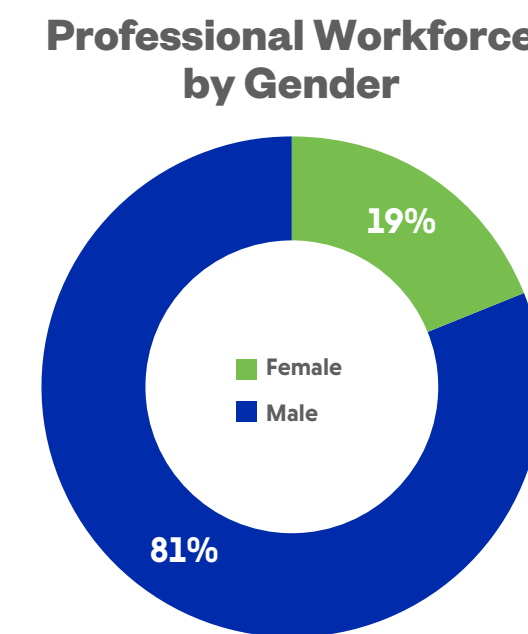
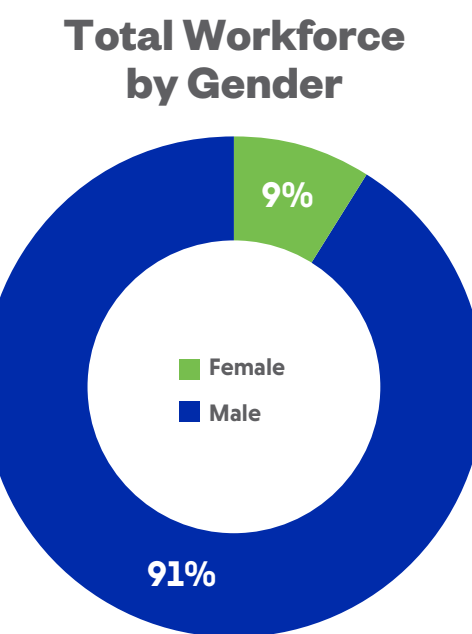
Within McDermott, our workforce in 2021 reflected 90.88 percent male (18,723), 8.97 percent female (2261), with 0.15 percent undisclosed (39). This number reflects a 98 percent male craft workforce and includes a professional workforce that is 80 percent male and 20 percent female. One notable exception is our QMW joint venture fabrication workforce which comprised of 34.5 percent female in 2021.

MCDERMOTT'S 2021 GLOBAL WORKFORCE

More Than
25,000
Employees

Representing
OVER 100
Nationalities

In
35
Different Countries





TALENT RECRUITMENT, DEVELOPMENT, AND RETENTION

As a global provider of EPCI solutions, McDermott employs a diverse workforce of salaried professional and hourly craft workers. We are focused on creating a collaborative, high-performance culture where employees speak up to support and challenge each other to achieve the best outcome for the organization as a whole and for our customers.

In 2021, we experienced a turnover rate of 11 percent among our global workforce of professional staff. To support our expanding project portfolio, we hired 10,439 new colleagues, 7 percent of which are female, in professional and craft positions. Career development and advancement for female employees remains one of our key priorities. In 2021, 14 percent of our existing female employees were promoted to more senior positions.

We are committed to enabling career development at all levels. Our development offerings support every career stage to build skills and leadership capability across the organization. There is a diverse range of development opportunities with an emphasis on key experiences on-the-job, mentoring and coaching, and participation in formal programs. Here's an overview of some of the development offerings, intended to prepare employees to be more effective in their current role and for advancement opportunities at McDermott.

McDermott is actively engaged in science, technology, engineering, and math (STEM) and female social investment programs globally to change the trajectory of female representation in both professional and craft related careers. Sreepriya Kurup, an engineer at McDermott – and one of the first women to work on a long-term assignment offshore in Saudi Arabia – commented on recent progress:

This is a historic achievement for all women in the Middle East EPCI industry who have dreamed of experiencing offshore work in the region, especially in Saudi Arabia. This unlocks the door to many offshore opportunities for all of us.



Advancing Women Leaders (AWL) Develops female leaders through mentoring and course offerings, and equipping participants with practices to address barriers that could impede their advancement in the workplace.



IMPACTT Investing in McDermott's People Across the Company Today for Tomorrow (IMPACTT) is a program designed to develop early career, high-potential employees with the knowledge, skills, and behaviors to increase their current leadership effectiveness and provide exposure to leaders across the business.



Management Essentials Provides leaders with the core management skills and behaviors required to be successful in managerial roles and adhere to McDermott's values and expectations.



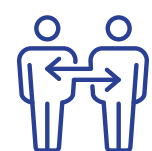
Lean Six Sigma Learn Six Sigma Methodologies and a structured approach to continuous improvement.



Self-Driven eLearning Online learning available with a focus on learning paths ranging from leadership to technical skill development.



Optimizing Performance Workshops Various professional development workshops focused on developing skills and behaviors aligned to McDermott's core values and operational needs.



Mentoring The program focuses on engagement, inclusion, knowledge sharing, and career development. Training is provided to Mentors and Mentees across the organization.

Employees are encouraged to drive their own development and work with their manager to create and implement a personalized career development plan. In addition, through processes such as talent reviews, performance management, and succession planning, McDermott is dedicated to developing and retaining employees to meet current and future business goals.

COMPENSATION AND BENEFITS

McDermott's commitment to our people means providing all our employees with quality 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.

RESILIENCY AND MENTAL WELLNESS

McDermott continues its commitment to the well-being of employees, especially with the ongoing COVID-19 global pandemic. We continue to offer resources to support the mental health of our workforce. This includes supportive emails from managers and executives, enhanced Employee Assistance Programs (EAP), online trainings, and collaborative team offerings.

McDermott's THRIVE initiatives focuses on supporting employee well-being in four key areas: mental and emotional, physical, financial, and social well-being. In 2021, around 85 initiatives saw almost 4000 employees participating in 11 Countries.

Mental & Emotional

- Employee Assistance Programs
- Employee Benefits
- Expert Speakers
- Support Resources

Our mental health affects how we think, feel and act and determines how we handle stress, relate to others and make choices. We will provide ways to explore new paths to wellness.



Financial

- Retirement planning
- Financial advisors
- Investment resources
- Workshops and video series

There are many dimensions to financial health, including savings habits, retirement plans, and income allocation. We'll provide you the tools you need to achieve your goals.

Physical

- Health and Well-being Programs
- Employee Benefits
- Activities and Challenges
- Programs and Rewards

Possibly the most visible dimension of health. Learn how lifestyle behavior choices do more than ensure well-being, but also avoid preventable diseases and foster a balanced state of body, mind and spirit.

Social

- Employee Resource Groups
- Growth Workshops
- Speakers, Events, and Activities
- Volunteer Opportunities

We are social beings and connectivity is a basic need. Create new connections and practices to foster strong relationships, create healthy habits and support others.

Providing employees with information, education, and resources that support their well-being in the four key areas of wellness. It is McDermott's commitment to your whole self.

KEY ACHIEVEMENTS

Continued to grow our internal Global People Services (GPS) group to enhance the effectiveness of business support. We placed an emphasis on hiring, process establishment, and standardization. Based in the Philippines, the goal of this shared services center is to provide our employees and managers with 24/7 on-call support.

Established more accountability through our talent processes by driving expected behaviors through the performance management process. We created opportunities for more touch points between the employee and manager, established an organizational wide goal tailored to those in leadership roles, and streamlined tools and resources.

In addition, global implementation of the talent assessment process was conducted with the leadership team. Successors were identified for critical roles and structured our learning and development offerings with each successor's development needs. Complimentary to this, we expanded the Learning & Development offerings that could be delivered in-house and at-scale.

McDermott's Sustainability, Diversity, Equity & Inclusion (DE&I), and Social Responsibility teams aligned key activities from across McDermott's operations. Employees celebrated the Day of Understanding in the US and subsequently hosted a Month of Understanding in non-US regions. Throughout the year, we celebrated Black History Month (in the US); Independence Day (across the APAC region); International Women's Day and Women in Engineering Day globally with scheduled employee events. We also launched our first Employee Resource Group Leadership Summit for all of our global ERG leaders that focused on development of our ERG leaders in the organization.



Global Diversity, Equity & Inclusion (DE&I)

McDermott is committed to advancing and sustaining a culture of diversity, equity, and inclusion globally, recognizing that our people are our greatest asset. We seek to embrace differences in our employees (i.e., gender, sexual orientation, race, color, religion, national origin, disability, age, and other individual characteristics) and harness their authentic abilities to help them progress in their respective careers.

Our diversity, equity, and inclusion program and initiatives serve to shape both our internal policies and practices on recruitment and selection, compensation and benefits, professional development and training, and promotions, as well as external practices such as supplier diversity and marketing to promote fair and transparent treatment of our stakeholders.

We provide employee-wide training which serves to educate and promote the behaviors, attitudes, and actions that drive and sustain a strong culture of inclusion and belonging at our workplace and operate a zero-tolerance policy for discrimination, bullying, harassment, and victimization.



WHY IT MATTERS

Increasing diverse representation is a challenge experienced by McDermott and the companies with whom we do business. In 2021, the oil and gas industry average for females in the workforce was 21 percent. We believe, and research shows, that increasing diversity and inclusion fosters creativity and innovation, enhances responsiveness to customers' needs, and improves employee attraction, retention, and engagement. All have a positive impact on the bottom line. Inclusion and diversity are important to us, and the industry, and we are committed to maintaining our focus and continuing our improvement.

HOW WE DO IT

In 2021, we launched an initiative to complete DE&I action plans for all operating locations. We partnered with diversity-focused external organizations and established global DE&I leads. We are proud to support multiple employee resource groups (ERGs) around the world that are dedicated to DE&I and sustainability action.

Development and ownership at the local level specific to local demographics, initiatives, and key activities are key to making progress in developing strong foundations and alignment to diversity, equity, and inclusion principles.

WHERE WE'RE GOING

We continue to develop talent across the business enterprise, foster a sense of inclusion and belonging, and hold ourselves accountable to advancing gender diversity, inclusion, and fairness among our professional and craft employees. In 2022, we plan to:



- Launch the McDermott DE&I Transparency Report to provide key insights, progress, and metrics for our DE&I journey over the previous year (2021)
- Achieve 100 percent Inclusive Leadership Training compliance for all Grade 8+ employees by December 1, 2022
- Cultivate and provide continuing support for Employee Resource Groups' growth and development, and leverage their feedback and experiences to help shape and influence our goal to build an inclusive culture globally.
- Continue developing global relationships and participating with key external partnerships for awareness, growth, and understanding
- Increase global female representation by a minimum of 500 females through pro-diversity recruitment, retention, and advancement plans. The development and implementation of action plans will prioritize entry level cohorts, a stronger pipeline of women in senior leadership roles, and increased female representation in technical and operational roles.

BUILDING A GLOBAL MINDSET

We empower all of our people around the world to participate in achieving their aspirations and reaching their full potential. Our global footprint requires diversity of thought, leadership, and talent that seeks to collaborate, cultivate, and inspire one another for strengthening local communities and achieving our business success.

- Michael McKelvy, President & CEO



We introduced our DE&I milestones and future outlook in 2018, and have continued to progress on our DE&I journey. Although our gender representation remains relatively flat for our global workforce, we remain focused to find solutions for including and developing diverse, local talent.

DE&I Milestones and Future Outlook



We enhanced our DE&I journey by incorporating the Global Diversity, Equity & Inclusion Benchmarks into McDermott's Global DE&I Strategic Framework to monitor and align with industry best practices. This allows us to identify opportunities for our own growth and development while re-establishing our baseline and key metrics. To enhance our DE&I reporting, we contribute annually to the sustainability report development process and have initiated the use of scorecards for representing our leading and lagging indicators. We continue to enhance our accountability through strengthening of our global DE&I function and embedding it as a level 1 Business Performance Goal (BPG) under McDermott's People, Culture, and Values. Level 1 Business Performance Goals are focused on building workforce capability to meet current organizational requirements and future business needs and advancing DE&I, in addition to workforce engagement and workplace well-being through McDermott Values.

As we began our process for operationalizing DE&I, we identified three key pillars: Workforce, Workplace, and Marketplace. Each of these pillars and their focus areas requires cross-functional collaboration and engagement from everyone in the organization. To accomplish this, our global DE&I functional area has increased communication endeavors, expanded education and awareness, and enhanced McDermott's efforts in attracting and retaining underrepresented talent across our organization. We recognize there is more work to be done.

Throughout 2021, we positioned ourselves to not only continue our DE&I journey, but also established key processes and systems to support our continual improvement.

DE&I TRAINING

As part of our DE&I journey, we initiated our Inclusive Leadership training. Leaders at McDermott play an important role in demonstrating the behaviors and attitudes that contribute to an inclusive workplace. Our Inclusive Leadership training is designed to provide leaders with knowledge, resources, and tools to assist in our collective DE&I journey.

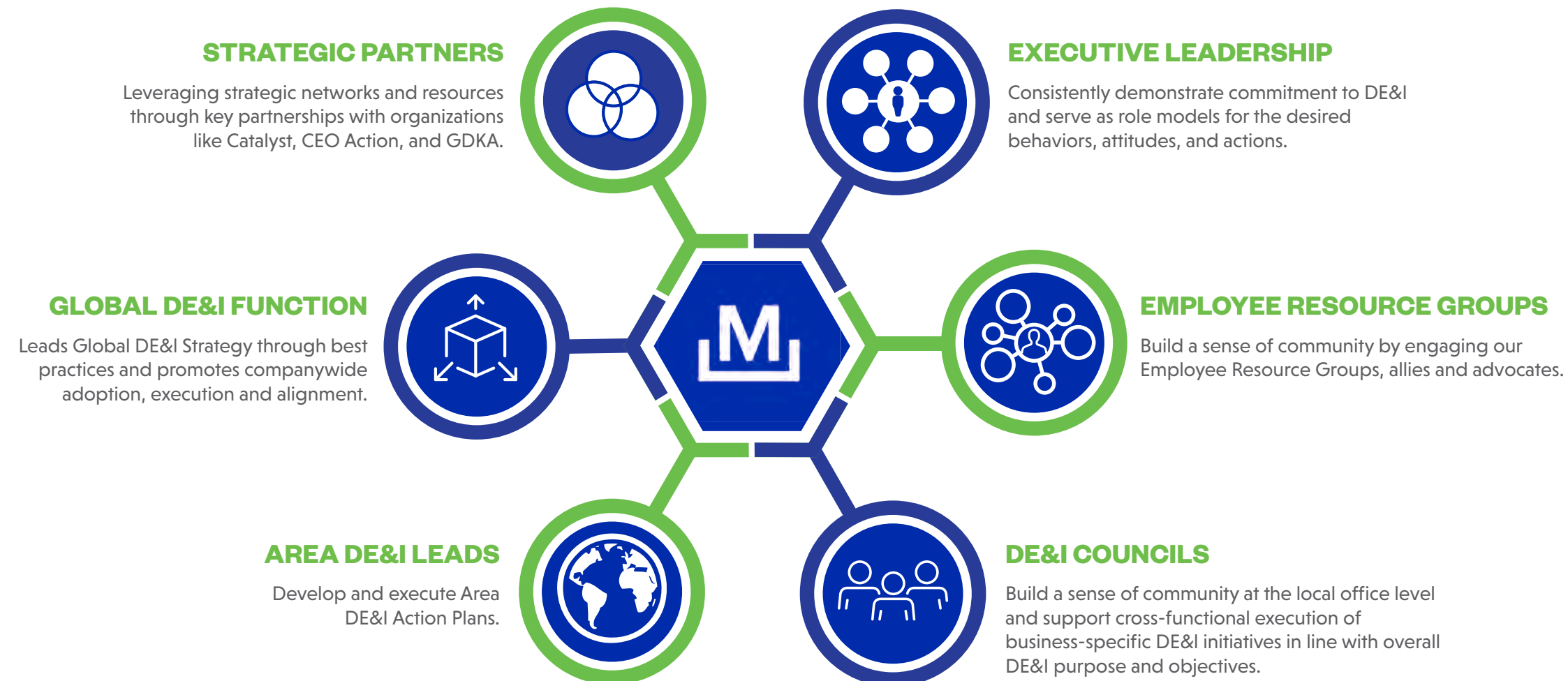
To bolster our central recruitment efforts and continue supporting increasing female representation across McDermott, we also delivered Inclusive Hiring training to 52 members of our talent acquisition and global recruitment center teams. After a successful pilot introduction, we plan to expand enrollment to all hiring managers in 2022.

Building a Culture of Inclusion and Belonging

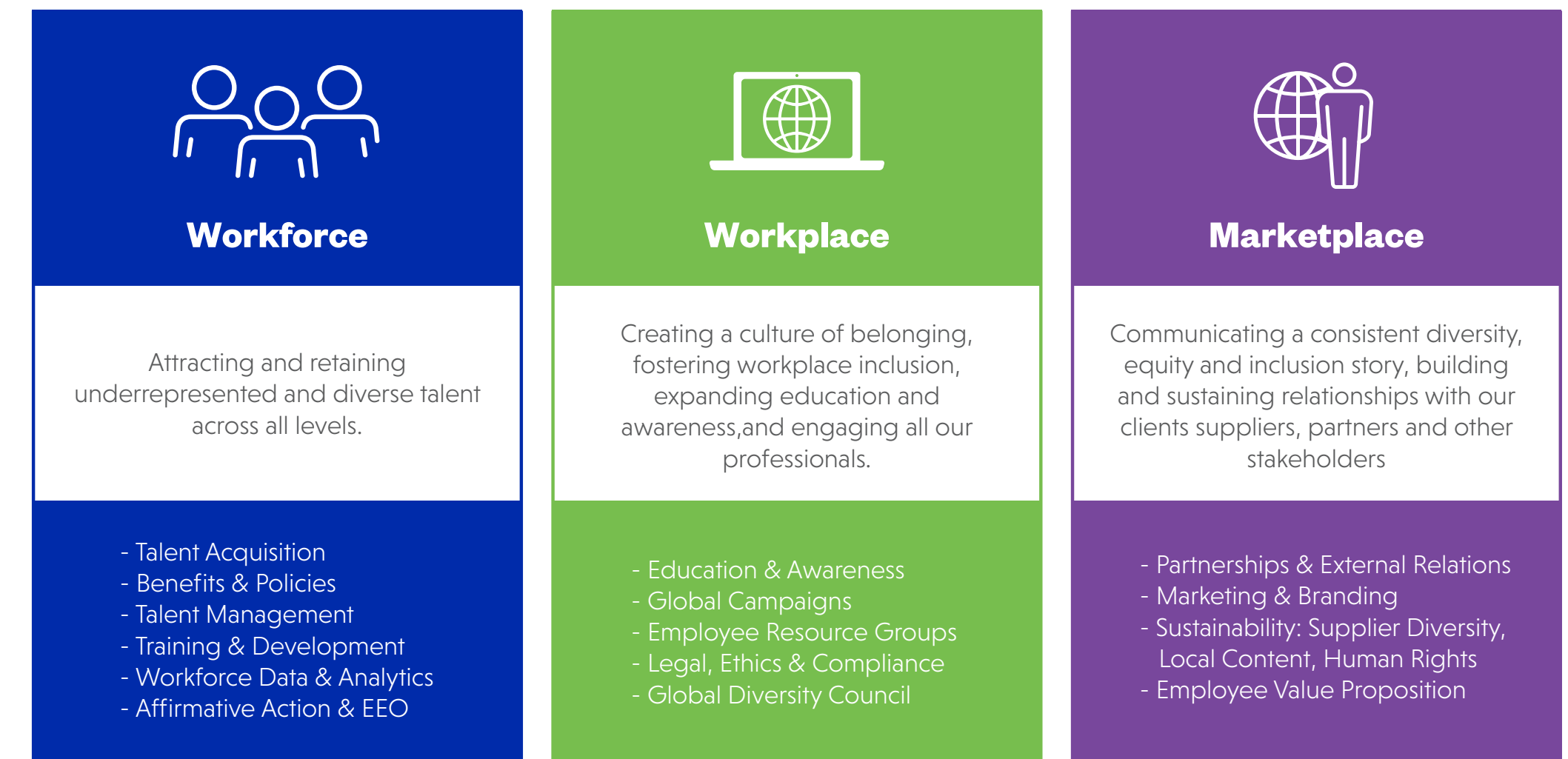
- 1 INCLUSIVE LEADERSHIP
- 2 UNCONSCIOUS BIAS
- 3 ADOPTING A GLOBAL MINDSET
- 4 ACTIVATING OUR DE&I STRATEGY

In 2021, 597 leaders participated in the 6-month initial rollout of our Inclusive Leadership Program. In 2022, we expect more than 800 employees to complete the training.

DE&I Stakeholders











Operationalizing DE&I



EMPLOYEE RESOURCE GROUPS (ERGS)

Each of our ERGs is organized by passionate employees, and each group creates an internal, collaborative community that provides personal connections, professional development, business collaborations, and meaningful external engagements for participating members.

	ERG AND CHAPTER	MISSION
	Sustainability (The Hague, Brno, London, Houston, Kuala Lumpur)	Focusing on long-term growth by adopting Sustainable practices and technologies Supporting socially and environmentally responsible initiatives in our communities and workplace, focused on building awareness around social disparity and waste reduction
	Aspire (The Hague, Houston, Plainfield, IL)	Committing to the professional, social, cultural, leadership, and technical development of the workforce
	KAN (Dubai)	Facilitating networking opportunities, community service, and promoting knowledge sharing with the aim of building One Team
	Global Women's Network (Global)	Creating growth opportunities for women and serving as a trusted partner to drive inclusion through greater female participation and representation at McDermott
	Parents at Work (PAW) - U.S.	Positively influencing our working environment to ensure professional development and support of working parents
	McDermott Black Alliance (MBA) - U.S.	Promoting a culture of diversity and inclusion through continual learning for employees of African American/Black descent
	PRISM - U.S.	Fostering an inclusive organizational culture that recognizes, respects and values diversity and the differences employees and stakeholders bring to McDermott
	goASIA - U.S.	Uniting diverse Asian, Asian American, and Pacific Islander communities at McDermott with the purpose of creating a platform/playground to accomplish their goals and objectives

In October 2021, McDermott recognized and empowered our ERG leadership teams through hosting McDermott's first ERG Leadership Summit. Our theme was Building and Sustaining a Strong Employee Resource Group, and the program included presenting ERG guidelines for each employee group to provide guidance, set expectations, and support development of an ERG Scorecard.

BENEFITS TO EMPLOYEES:




- Encourage professional development
- Provide mentorship and connection to senior leaders
- Showcase leadership ability and talent
- Create opportunities to connect and build relationships

BENEFITS TO MCDERMOTT:

- Develops high potential leaders
- Boosts innovation and creativity
- Provides cross-functional engagement and teaming
- Attracts and retains diverse talent at all levels
- Develops community partnerships

GLOBAL PARTNERSHIPS

McDermott partners with multiple external diversity-focused organizations to continuously learn best practices and methods to increase inclusion, fairness, and diverse representation across the workforce.

	When McDermott refreshed its DE&I program in 2020, we partnered with the Catalyst Supporter Network (Catalyst), a global nonprofit organization in the United States to align with best practices in advancing diversity, equity, and inclusion with a specific focus on gender diversity. There are four focal areas: Advancing Women, Women and the Future of Work, Lead for Equity and Inclusion, and MARC (Men Advocating Real Change).
	We participated in the Greater Houston Partnership's One Houston Together effort survey garnering understanding of the business community's activities surrounding DE&I. The insights for participating companies revealed how Houston businesses are progressing on their DE&I journey. This process has been invigorating as we continue to build our global framework regarding our diversity and social responsibility efforts.
	As part of our commitment to advancing diversity, equity, and inclusion (DE&I) McDermott recently joined the Gender and Diversity KPI Alliance, a group of diversity and inclusion advocates and more than 60 corporate leaders, to support the use of high-level key performance indicators (KPIs).

Global DE&I Event: On April 23, 2021, McDermott held its inaugural Day of Understanding as part of our commitment to advance diversity, equity, and inclusion (DE&I) for our employees. The initiative brought together more than 2000 employees across North, Central, and South America to facilitate open dialogue and meaningful conversations on DE&I. Furthermore, in September 2021, the EMEA and APAC regions hosted a Month of Connection focused on creating an inclusive work environment through management engagement sessions, DE&I training sessions, and ER- sponsored events promoting mental and emotional health and overall workplace well-being.

KEY ACHIEVEMENTS

- Established a global DE&I framework, including a Director of Global DE&I and a DE&I lead in all key operating locations
- Implemented DE&I key performance indicators across the company
- Held inaugural Day of Understanding and Month of Connection events
- Joined Greater Houston Partnership's member company Equity & Inclusion Organization Assessment

As part of our commitment to advancing DE&I, McDermott recently joined the Gender and Diversity KPI Alliance



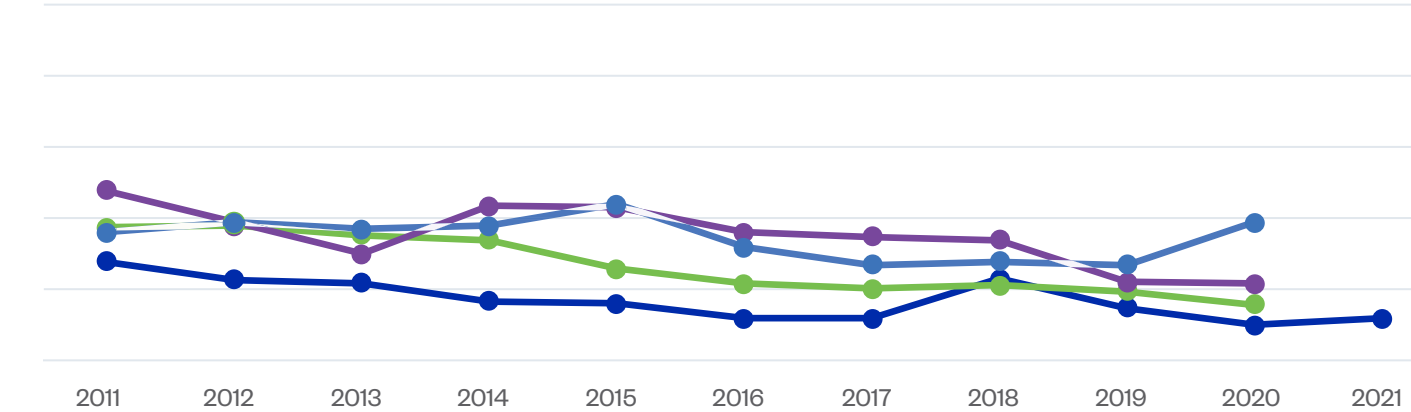
EXCELLING IN SAFETY PERFORMANCE

At McDermott, we pride ourselves on being an industry leader in QHSES performance. Our strong QHSES performance is exemplified by our executive management taking an active role in QHSES daily and includes using the Intelx system to capture and use data in a timely and effective manner. This system allows us to regularly evaluate and improve upon our safety performance.

Over the last 10 years, we have maintained a Total Recordable Incident Rate (TRIR) below industry average. In 2021, our TRIR was 0.12—well below the company’s target of 0.16. We always strive for zero lost-time incidents, and our Lost-Time Injuries Rate (LTIR) was 0.01. We continue to attribute our safety performance to our employees and their continued focus on their own and each other’s safety – in every action every day.

Industry TRIR Comparison*

— McDermott — IOGP — IMCA — CII



* Please note that 2020-2021 industry data from IOGP, IMCA, and CII is not released until late 2022.

Quality, Health, Safety, Environment and Security (QHSES)

WHY IT MATTERS

McDermott is a purpose-driven company that chooses to lead by example—in all that we do. That’s why our organization is committed to Quality, Health, Safety, Environment and Security—what we call “QHSES.” Our goal is to continue leading by example in all areas of QHSES and create a culture where setting the right example in QHSES attitude and behavior is simply “in our DNA.” We call this Taking the Lead with QHSES, and we proactively work with our partners, subcontractors, and customers to join us in achieving outstanding QHSES performance.

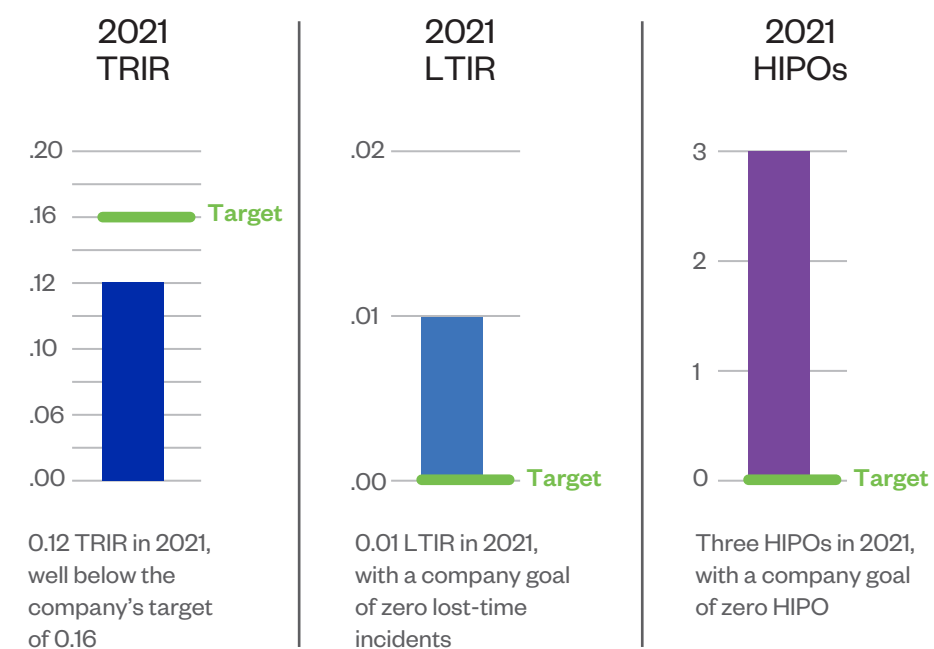
HOW WE DO IT

McDermott’s QHSES Program is modeled on ISO standards, with continual improvement at its core. Our QHSES Policy commits our company to the highest standards of health and safety performance. Our QHSES management system provides a uniform methodology of working to enable safe and effective business execution and project delivery.

Through our Taking the Lead with QHSES initiative, we instill a vital and mindful QHSES culture across our diverse workforce and global organization. This builds an environment and behaviors where everyone is a QHSES leader.

The McDermott Operational Values (MOVs) establish a framework for employees to reduce QHSES risks and enhance the well-being of our employees and communities. Our twelve MOVs include known construction industry risks like working at heights, dropped objects, and risk of impact. They are founded on industry-recognized standards and aligned with the [International Association of Oil & Gas Producers’ Life-Saving Rules \(IOGP\)](#).

Key QHSES Metrics



We identify and evaluate incidents that have greater severity as High Potential Incidents (HIPOs). Our executive management team is notified of and reviewed each HIPO, and relevant actions are assigned to business line and area leadership teams. We identified three HIPOs during 2021. Our annual goal remains zero for these incidents.



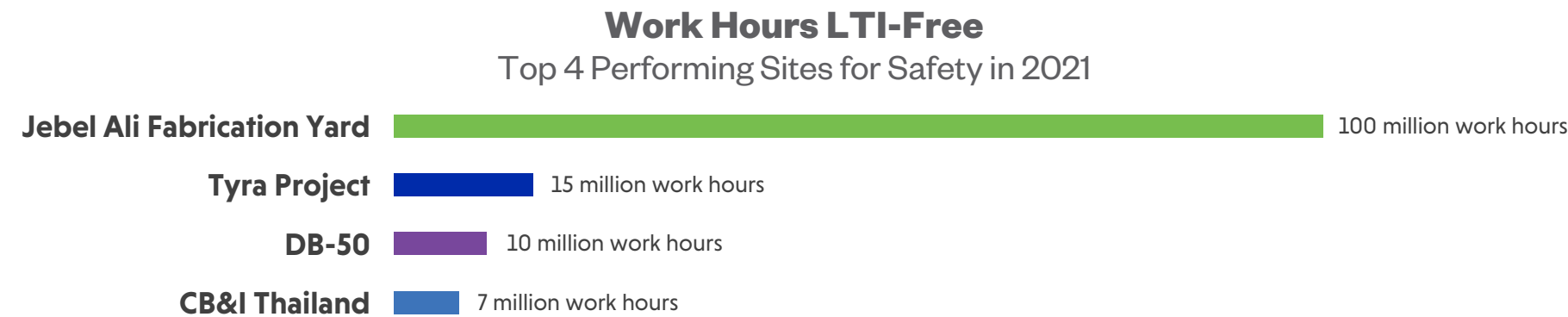
SAFETY AWARDS AND RECOGNITIONS

McDermott was recognized for excellent safety performance during 2021. We received an award of appreciation from a major Middle East customer for achieving ten million work hours without a lost time injury (LTI) during the execution of a number of their projects in 2021.

It takes commitment and dedication 24 hours a day, 7 days a week, and 365 days per year to maintain a strong safety culture. That is exactly how McDermott has achieved such an excellent milestone. The exceptional achievement of ten million work hours is a direct result of everyone's involvement in living and breathing a strong safety culture.

- John Baker, HSES Manager

McDermott is also proud to celebrate exemplary 2021 HSE achievements for work hours without a lost-time injury:



Further, in 2021, our KG-DWN 98/2 Project Team was presented with a safety award from India's **Oil and Natural Gas Corporation Limited (ONGC)**. Qingdao McDermott Wuchuan (QMW), a joint venture between McDermott and China State Shipbuilding Corporation (CSSC), also received a "Safe Production Elite Unit" award in 2021—an award received for the eighth consecutive year—based on outstanding safety performance, close cooperation with various authorities, and resounding implementation of our QHSES management system.

Accreditation recognizes the high quality of our QHSES training programs. It is an important part of McDermott's approach, driving all employees to understand and achieve the highest possible standards every day.

QHSES Training and Engagement

Training, behaviors, and competency play a vital role in achieving our QHSES goals. Our QHSES training programs enable our employees to recognize and mitigate potential risks. Our approach personalizes each experience resulting in injury prevention and reductions in environmental pollution, property damage, security incidents, and the cost-of-non-quality. McDermott dedicated over 446,000 work hours to QHSES training hours in 2021. Each employee received a minimum of approximately 4 hours of position appropriate QHSES training in 2021.

McDermott's training programs are accredited by the **American National Standards Institute's (ANSI) International Accreditors of Continuing Education and Training (IACET)**, which defines compliance with the **ANSI/IACET 2018-1 Standard for Continuing Education and Training**. As an IACET accredited global training provider, we award Continuing Education Units (CEUs) to our employees upon successful completion of relevant QHSES courses. In addition, our Middle East Training Center is approved by the OPITO to deliver Basic Hydrogen Sulfide (H2S) and Authorized Gas Tester (AGT) training courses.

Leadership programs like iLead to Succeed provide frontline leaders with skills and tools that further differentiate McDermott from other fabricators. The iLead to Succeed program is more than just training, it aims to develop and strengthen leadership skills. This program has enabled us to take our best craftsmen and craftswomen promoting them to foremen and forewomen. Our program will assist our foremen and forewomen in developing others in Taking the Lead with QHSES spirit.

SUPPORTING THE DEVELOPMENT OF SAFETY-CONSCIOUS LEADERS

In 2021, we launched our iLead to Succeed leadership development and certification program for frontline supervisors at our PTMI Batam and Jebel Ali fabrication yards. The iLead program develops and strengthens leadership and QHSES competencies of all frontline supervisors through learning, coaching, and feedback. Because of the success of the program, McDermott's executive and QHSES leadership expanded it globally and will be introducing the program across the business enterprise in 2022. The program is expected to be accredited in 2022 by City & Guilds, an internationally recognized qualifying body credentialing our QHSES training.



In 2021, we launched various HSE campaigns such as IMPACT – Improving Performance, Accountability & Communication through Teamwork and LEAP – Leading, Engaging, Assessing and Managing Performance, into QHSES. These are all led and participated in by operational leadership, frontline supervision, and craft employees. These campaigns significantly contributed to our industry-leading performance this year.

PROMOTING INCIDENT REDUCTION

At McDermott, safety and reducing incidents is everyone’s priority. From our employees to our management team, each of us are actively involved in our global safety culture and practices. The management team conducts routine visits to work sites to recognize, engage, and learn alongside employees how to work safer and smarter.

We implement global safety campaigns across our operational regions to promote incident reduction and encourage safe work practices. These campaigns allow us to identify and target key areas where we have the greatest opportunity to reduce the number of incidents. The themes of our global safety campaigns differ each year.

QHSES Digitization

We improved our QHSES data management system in 2021 with the implementation of Intelex. This enterprise platform enhances our existing systems and practices in monitoring and continually improving the delivery of safe, quality work for our customers. It contains multiple tools that support robust risk mitigation and management. In 2021, we released seven core modules for use by all employees:



These innovative digital tools accelerate our ability to proactively and consistently identify risk, initiate wide-scale improvements throughout our business, track successes, and apply lessons learned to future projects. Employees are empowered to use Intelex to drive change, continually improve processes, and maintain our position as an industry leader in QHSES.

COVID-19 Pandemic Management and Response

Our robust COVID-19 response protected our people and business and operational continuity. McDermott’s approach included a dedicated weekly review with our CEO and executive leadership team and strong global collaboration across operations, SCM, QHSES, regulatory and others, led by Global and Area Pandemic Management teams. McDermott’s crisis management teams around the world regularly communicated

and engaged with global and local healthcare providers, regulators, and safety officials to quickly deploy learnings and best practices around the world. The teams acted quickly to respond to COVID incidents, supporting health care, quarantine, and testing to minimize spread, and as a result in 2021, we did not close any operations due to COVID-19.

COVID-19 MITIGATION MEASURES

We treat vaccination as one crucial mitigation measure and have encouraged our employees to get vaccinated against COVID-19. In 2021, we partnered with local governments, private sectors, and other medical organizations to provide vaccination and testing opportunities for employees, customers, and contractors.

Our Marine Group felt the full force of uncertainties and difficulties related to the COVID-19 pandemic over the past two years. COVID-19 posed numerous challenges to getting our employees offshore safely, in addition to meeting testing, evaluating, and quarantining requirements.

As an additional measure in 2021, we announced a vaccine mandate across our marine vessels due to the close confinement and ease to which the virus can spread in such vessels. Throughout 2021, we achieved 99 percent compliance. We partnered with the Ministry of Health in the Kingdom of Saudi

Arabia (KSA) to vaccinate employees onboard the vessels. Further, we obtained approval from the Dubai Health Authority to vaccinate offshore employees who do not hold residence visas. As a result of these efforts and strong employee engagement, our Marine Group remained fully operational in 2021.

COVID-19 MANAGEMENT RECOGNITION

McDermott is recognized by customers and institutions with respect to our COVID-19 response and mitigation measures.

In 2021, over 80% of our employees globally voluntarily reported being vaccinated against COVID-19.

Our Batam fabrication yard received outstanding recognition from local government authorities for our COVID-19 protocols and vaccination rates—including a segment on CNN Indonesia. The Indonesian government’s Ministry of Labor recognized McDermott for exemplary pandemic management efforts, and the local government selected McDermott to share best practices with other local business leaders.





Social Responsibility

McDermott’s social performance focuses on engaging stakeholders responsibly, minimizing disruption to communities, and contributing to sustainable social and economic development. Through our strategic community investments, local content, and diversity efforts around the world, we are providing opportunities to build a more inclusive economy where local stakeholders benefit, and positive social impacts occur.

WHY IT MATTERS

With operations all over the world, McDermott’s commitment to respect people, the environment, and communities throughout our global footprint is paramount to our local success. Our systematic approach to social responsibility secures our social license to operate, reduces social risk through mitigation measures, and allows our teams to minimize impacts while optimizing benefits to local regions where we work on behalf of our customers.

HOW WE DO IT

Our social responsibility approach is governed by a Social Management System aligned with the International Finance Corporation (IFC) Performance Standards and the International Organization for Standardization (ISO) 26000:2015 Standard. Under this system, we maintain a [Code of Business Conduct and Code of Ethics](#), [Modern Slavery Statement](#), [Human Rights and Social Responsibility Policy](#), and accompanying process, which are used across our global operations.

WHERE WE’RE GOING

In 2021, we piloted and implemented a “Speak Up” campaign in our Jebel Ali fabrication yard in the United Arab Emirates to encourage and engage our craft employees and subcontractors in the understanding and use of the grievance process. In 2022, we will:

- Implement our “Speak Up” campaign globally across all our significant sites
- Provide education relating to the identification of human rights violations and incidents of discrimination. “Speak Up Cards” will be introduced at our significant sites to provide our on-site workers with the option of filling out a physical form, in addition to submitting concerns via phone, email, or online via our externally hosted website for reporting. Speak Up reporting services are offered in local languages, so language barriers do not prevent effective reporting of any concerns.

TARGETS

Sustainable Economic Growth

- 2023: Local content is considered excellent at 75% of our significant sites*
- 2023: Signature social investment programs are implemented at 80% of our significant sites

Community & Workplace Wellbeing

- 2023: 75% of significant sites have social responsibility programs
- 2023: 100% participation in human rights due diligence for significant sites

*Significant sites are sites valued at \$1 billion USD or more.

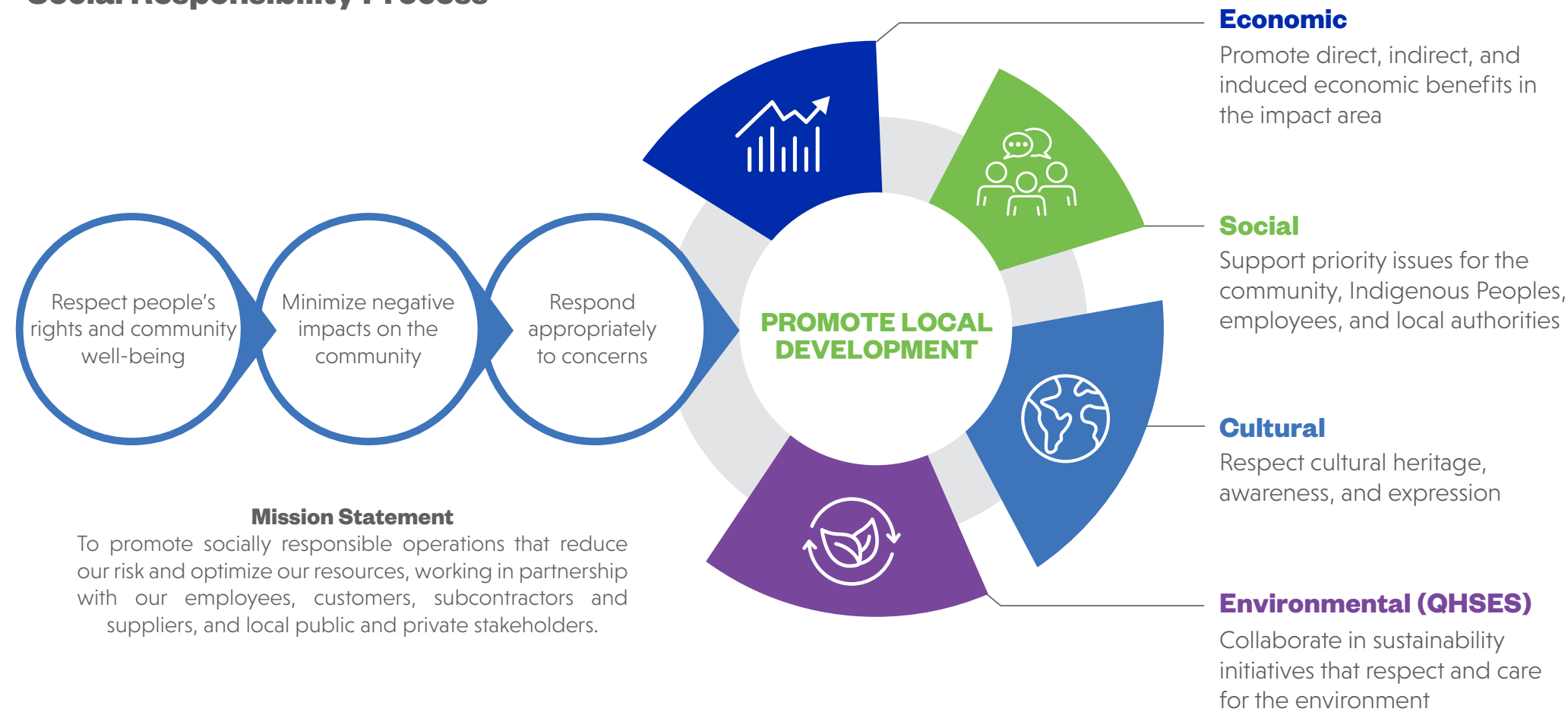
Social Management System

Our [Code of Business Conduct and Code of Ethics](#) and Human Rights and [Social Responsibility Policy](#) were developed with guidance from international best practices to reflect the diverse people, cultures, contexts, and communities where we operate. Our Social Management System, procedures, due diligence tools, and training and education resources are available to all McDermott employees.

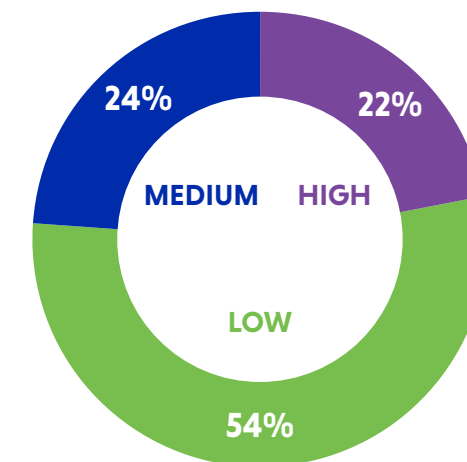
Our operational sites are required to undergo an initial (Level 1) Social Risk Assessment prior to project start up to identify and evaluate the initial social risks and potential impacts. These risks and impacts are then categorized as high, medium, or low. The Level 1 Social Risk Assessment considers both risks to our operations and the host community from our operations.

Based on the risk level identified during the Level 1 Social Risk Assessment, a Level 2 Social Risk Assessment for the operational site may be conducted to further evaluate potential host community risks and impacts from our operations. We use the findings of the assessment to identify and implement appropriate mitigation measures to avoid or minimize negative impacts.

Social Responsibility Process



2021 Social Risk Level – Operational Sites



In 2021, 59 sites conducted Level 1 Social Risk Assessments and 9 active operational sites conducted Level 2 Social Risk Assessments. All these sites were classified as high social risk and impact areas. Our local teams develop social responsibility plans to then offset, avoid, or minimize relevant risks and impacts to the operations and community.

SOCIAL RISK AND IMPACT MANAGEMENT

Management of social risk and impacts is part of our Social Responsibility Process. Social Risk Assessments are performed at the proposal stage and are used to assist in developing a context-specific Social Responsibility Plan for each operational significant site. The Plan is focused on addressing and mitigating social risks and impacts, providing for stakeholder engagement and community grievance mechanisms, and optimizing benefits for local content, diversity, and social investment.

70%
OF SIGNIFICANT SITES
HAVE SOCIAL RESPONSIBILITY PROGRAMS

Categories of Social Impacts Identified for Significant Sites in 2021



Community Engagement

Building strong relationships and maintaining continuous dialogue with communities is fundamental to responsible business conduct and creating positive impacts. McDermott is committed to responsibly engaging with stakeholders in collaboration with our customers. Our local teams conduct stakeholder mapping exercises and establish engagement strategies, wherever applicable. Stakeholder engagement activities inform our local content efforts, short and long-term social impact planning and management, and social investment programs.

As an example of continuous community engagement, in the Borstar Bay 3 Project, each month, McDermott management and client personnel attend a community meeting (CCap) to address any concerns the individuals may have regarding the project. The number of attendees varies from 20-30 each month.

McDermott is committed to responsibly engaging with stakeholders in collaboration with our customers.



ENGAGING WITH INDIGENOUS COMMUNITIES

At McDermott, we work with our customers to build meaningful relationships with Indigenous communities located near our operating sites. Where potential impacts to Indigenous Peoples exist, McDermott works to respect the rights of Indigenous Peoples through site-specific strategies that address:

- Consultation and meaningful engagement
- Opportunities for training, employment, and supply chain participation
- Cultural awareness training and cultural heritage management processes

We are committed to respecting the diversity of culture and unique history, traditions, and beliefs of each Indigenous group.

COMMUNITY GRIEVANCE MECHANISMS

We use community grievance mechanisms to provide a pathway for stakeholders to express concerns, inquire about our operations, and solicit purposeful feedback. Members of our host communities may contact local McDermott teams through a variety of mediums, including email, telephone, and the use of drop boxes and forms at site security entrances. To promote awareness of our community grievance mechanisms, we establish notices at our security entrances, discuss the process at community meetings, and provide handouts to employees and subcontractors for them to distribute as needed in local languages and as culturally appropriate.



SOCIAL INVESTMENT AND SUSTAINABLE ECONOMIC DEVELOPMENT

As a global company, McDermott seeks to support economic sustainability in both developed and developing countries. We work to bridge and support underrepresented and women-owned businesses and implement key workforce development initiatives. Our Social Investment approach includes identifying key community development opportunities that strengthen positive local economic impacts, especially through skills building, education, small business development, and other key programs that build capacity and create opportunity.

Key Steps for Establishing Social Investment Process



*McDermott Criteria include Alignment with:

1. MDR Sustainability Goals
2. UN Sustainable Development Goals
3. MDR Human Rights & Social Responsibility policy

The development, implementation, monitoring, and ongoing sustainability of social projects is done in collaboration with community members. We invest in projects that can provide benefits to the local communities beyond our initial engagement. Partnering with community members on social responsibility projects not only helps fulfill a direct need but also promotes capacity building and development. A key component of our community investment strategy is to evaluate results of investment programs to assess the project's impact, develop lessons learned, and provide knowledge for duplication across other operating areas. Our process provides us with the capability to continuously improve our community development and social investment practices.

CASE STUDY: 2021 Social Responsibility Initiatives in India Social Responsibility is a fiduciary requirement in India enacted under the Companies Act, established in 2013. India requires that two percent of three years' average profit before tax must be spent on social responsibility activities, including, but not limited to, infrastructure, sanitation, healthcare and medical, education, women empowerment, and local community development.

We actively engage with our host communities to identify opportunities to implement social responsibility initiatives that align with the UNSDGs. These initiatives are carried out with local implementation partners in communities located within 50 kilometers of our local offices.

In 2021, we successfully implemented two significant social responsibility projects across several host communities in India:

Providing Renewable Energy for Schools: Installation of a solar power plant and a solar-powered reverse osmosis (RO) water treatment system in ten schools in Haryana (Pataudi and Gurgaon) and Tamil Nadu (Chennai). The initiative reduces 9 tons of carbon dioxide (CO₂) emissions per year and provides 650 kiloliters of refrigerated, RO-purified drinking water to 10,000 students and faculty. The project contributes to harnessing the energy value chain to provide clean, engineered solutions to support building a more sustainable future for our communities.

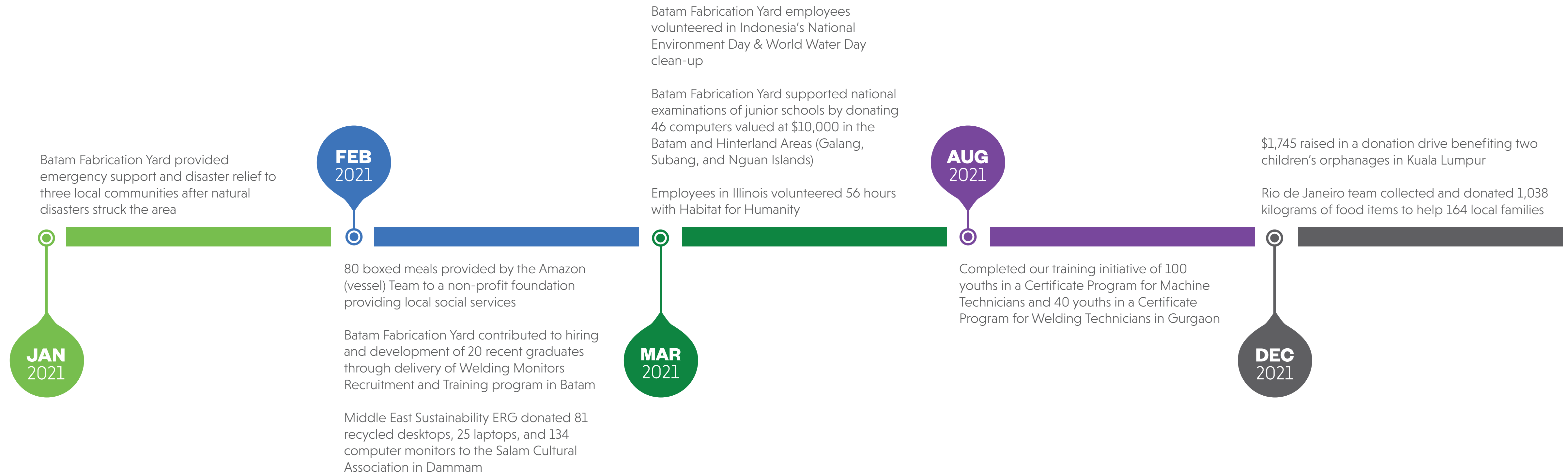
Rainwater Harvesting: Improving water security for 1400 residents of three villages near Chennai. McDermott worked with community members to restore three ponds by adopting a specific de-siltation process and installed rooftop rainwater harvesting in over 288 households. This initiative improved agricultural output from approximately 100 acres to 200 acres and increased the availability of quality water for human and livestock consumption for an extended period of six to eight months.



Our Social Investment is an essential component to maintaining our social license to operate. In 2022, we plan to engage in the following impact projects:

- Completing an impact study with respect to the water table for our Rainwater Harvesting project carried out in three villages near Chennai, India
- Implementing our social investment programs in Uganda focused on women entrepreneurship and agricultural improvements
- Deploying waste management and recycling training in Batam, Indonesia. This initiative will reduce plastic pollution and provide a means for community members to increase family income

2021 Social Investment Initiatives



Local Content

McDermott's local content programs are both voluntary and regulated. We focus on economic and social well-being, while seeking to increase local employment directly with McDermott and indirectly through supply chain opportunities.

In Batam, for 2021, 99 percent of workers on site were local and 51 percent of McDermott employees in management positions were Indonesian. In the UAE and Saudi Arabia, the combined local economic value distributed through McDermott's operations in 2021 was \$250 million USD.

LOCAL WORKFORCE DEVELOPMENT

Our workforce development approach is focused on building local skills and recruiting local workforces. McDermott's activities encompass mentoring and preparing students and participants alike, developing and strengthening training institutions, and building technical capabilities in the community. We reach out to local communities to strengthen skills and overall job preparedness for people of all ages who are seeking various career opportunities with McDermott. This can take on many forms based on local content, local context, and local needs.

INVESTING IN TRAINING PROGRAMS:

McDermott continues to invest in programs in partnership with community colleges, universities, technical and vocational schools, government training centers, and other public and non-profit organizations to prepare the local workforce for employment. Our partnerships focus on both short-term benefits and long-term sustainability. Since 2020, McDermott has sponsored 12 candidates through a vocational training program at the Leading National Academy (LNA), Saudi Arabia's first vocational training institute for women with focus on training in HSE, Quality, Supply Chain, and other industry-relevant fields. These LNA candidates will join our workforce in Saudi Arabia in 2022.



CASE STUDY: GEDP Success Story - Graduate Engineer to Country Manager: "In 2007, I began my professional journey with McDermott as part of the GEDP, working in our Jebel Ali fabrication yard. My last rotation was on a water injection project in the UAE, where I completed the 3-year GEDP and continued as a Project Engineer, and later as a Package Engineer, until late 2011.

In late 2011, I secured the opportunity to join our largest offshore project at the time, offshore Western Australia. It was a completely different experience and the first time I was exposed to the world of subsea operations. In Australia, I was able to advance my career and elevate my professional aspirations.

In 2017, I returned to Dubai to join a project as an Interface and Assurance Manager. I was later designated as a Marine Manager, and eventually as a Project Manager responsible for completing and closing out the project. In late 2019, I moved to Kuala Lumpur. I was privileged to be able to work on McDermott's largest offshore project, with a best-in-class team, for the third time in my career.

Altogether, these achievements played a significant role in my professional development and facilitated the nomination to my current role as Country Manager for Mauritania and Senegal. In this role, my primary focus is to enhance McDermott's reputation in Mauritania and Senegal and to increase our footprint in Africa.

– Eslam Ezzeldin, Country Manager for Mauritania and Senegal

2019 GRADUATE ENGINEER TRAINEES GRADUATE IN CHENNAI:

The 2019 cohort of Graduate Engineer Trainees (GETs) in Chennai successfully completed their training in August 2021 and graduated as Associate Engineers. Thirty-four trainees were recruited from prestigious universities in India and assigned to various departments at McDermott, joining our Graduate Engineer Development Program (GEDP), a two-year training and development program designed to provide recent graduates with exposure to a range of disciplines that support the business. The GEDP program is focused on providing 360-degree training that includes inter-discipline, function, and department training, technical, software, soft skills, and site visits to Kattupalli yard spool base and Lay Vessel North Ocean 105 (LVNO-105). The training helped the students to increase their knowledge of the energy sector, develop skills, improve team development, and communication with their peer groups.

SUPPLIER DEVELOPMENT

We continue to contribute to social and economic development by promoting opportunities for local and diverse businesses in our supply chain.

SUPPLY CHAIN SPEND

In 2021, McDermott spent nearly US \$3.3 billion globally on more than 1000 local businesses. Hiring local businesses to provide goods and services for McDermott's projects is an important component of our commitment to contribute to sustainable economic growth in the places where we work and is a contractual requirement in some countries where we operate.

2021 SUPPLIER DIVERSITY COMMITMENT

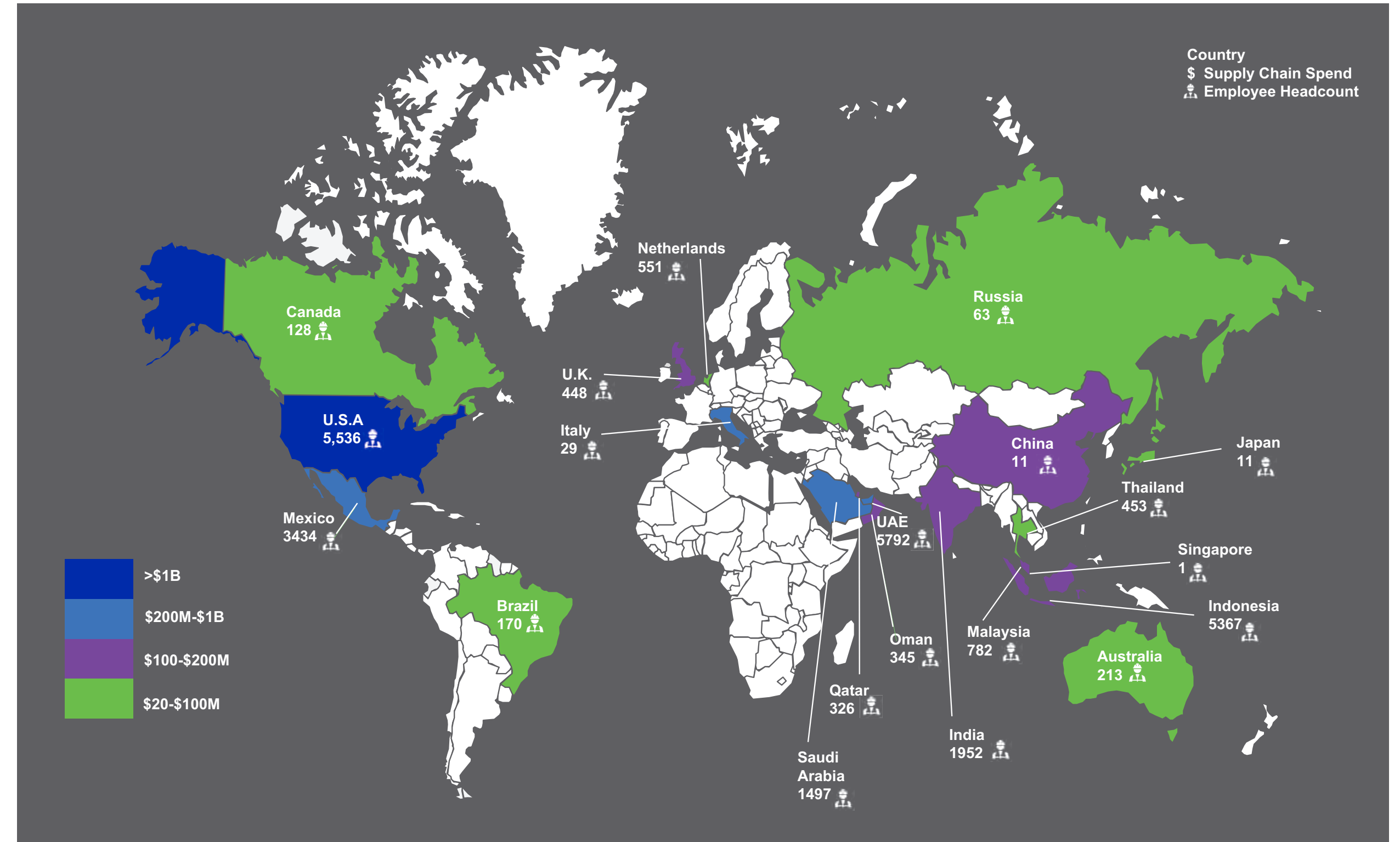
\$95 MILLION SPEND WITH DIVERSE AND SMALL BUSINESSES

\$6.5 MILLION SPEND WITH VETERAN OWNED BUSINESSES AND DISABLED VETERAN OWNED BUSINESSES

\$8.5 MILLION SPEND WITH MINORITY BUSINESSES

\$14.7 MILLION SPEND WITH WOMEN-OWNED BUSINESSES

2021 Supply Chain Spend



MCDERMOTT JOINS SUPPLIER DEVELOPMENT WORKSHOP IN UGANDA:

McDermott participated in a supplier development workshop in Uganda as part of our commitment to embed local content opportunities in the countries where we operate. The event was one of a series of workshops designed to give companies in Uganda an official channel to learn more about the status of the Tilenga project, demonstrate their interest in doing business with McDermott, and learn about pre-qualification requirements. For 2021, we achieved 90 percent of positions held by Ugandans in the Project and spent over US \$126 million with local suppliers.

Local content is an essential component of our ongoing local development initiatives. In 2022, we plan to:

- Implement Phase II of our Skill Development Program with a specific focus on women and inclusion.
- Deploy a mobile medical unit to provide healthcare services and facilities to site employees at Indian Oil Corporation Limited (IOCL) sites in Barauni, Bihar, and Haldia in West Bengal.
- Begin capacity development programs for local workforces and continue our local supplier capacity development in Uganda.

Human Rights

We respect people and human rights. McDermott embraces its duty to avoid causing or contributing to negative human rights impacts, and we endeavor to lead by example, demonstrating our commitment to uphold and respect these rights without discrimination.

Our Human Rights in the Workplace Guideline details McDermott's ongoing commitment to providing safe and favorable working conditions for our employees. We follow applicable labor laws and the [International Labor Organization's \(ILO\)](#) core conventions, including prohibition of forced labor, human trafficking, and child labor. We also follow the ILO's [Declaration on Fundamental Principles and Rights at Work](#), supporting freedom of association and effective recognition of the right to collective bargaining. Further eliminating discrimination in respect of employment and occupation.

McDermott's internal human rights working group develops guidance for human rights processes in our organization. We track human rights risks by country and monitor supply chain risks that have been identified in our industry, such as access to identity documents for migrant workers, employment contracts, workforce living conditions, responsible recruitment, and access to culturally appropriate grievance mechanisms. We apply expanded human rights due diligence as part of our social responsibility at certain sites. In 2021, McDermott identified and trained 7,433 employees in Human Rights matters.

We published and integrated our Human Rights Due Diligence Guideline into our Social Management System in 2021 to further our commitment to respecting human rights. Developed in accordance with IPECA guidelines and Building Responsibly Principles, this process enables us to identify, prevent, mitigate, and account for how we address actual and potential adverse human rights impacts in our operations and supply chain.

In 2021, we screened 100 percent of new suppliers on human rights issues prior to allowing registration in our supplier portal. Our inquiries covered child labor, forced labor, human trafficking, labor rights, and working conditions.

We have an unwavering commitment to respect human rights. In 2022, we plan to:

Conduct human rights audits at all our significant sites

Deploy human rights training consisting of various modules developed in collaboration with IPECA, including topics pertaining specifically to child labor and forced labor

HUMAN RIGHTS SELF-ASSESSMENTS AND INTERNAL AUDITS

At McDermott, we conduct human rights self-assessments and internal audits to identify and evaluate potential human rights risks and gaps in our projects and operations. We have modeled our human rights self-assessment process on the Human Rights Self-Assessment Tool published based on Building Responsibly Principles.

In 2021, we performed a desktop project human rights audit with our Sustainability and Internal Audit Teams. We also engaged a third-party company to support a human rights audit focused on migrant workers of subcontractors in the United Arab Emirates (UAE). Additionally, we completed our first human rights audit, including worker interviews and inspections of worker living and working conditions, also in the UAE.

We assess the effectiveness of our actions by reviewing grievance trends, the results of human rights self-assessments, and internal audits. Beginning in 2020, we introduced human rights indicators into our sustainability reporting, including the number of human rights self-assessments and the number of human rights internal audits.

FORCED LABOR AND CHILD LABOR

McDermott prohibits forced labor of any form. This includes, but is not limited to, slave labor, forced labor, indentured servitude, prison labor, or child labor. All individuals employed by McDermott and our suppliers and contractors must meet the minimum applicable legal age requirements or be over 18 to be allowed at our construction and fabrication yards.

In 2020, we published 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. Material modern slavery risks applicable to our operations include the potential for forced labor issues with construction subcontractors that employ migrant workers from developing countries.

We partnered with a third-party that provides a due diligence platform specific to forced labor, enabling us to verify recruitment processes for vulnerable migrant workers in certain high-risk locations.

HUMAN RIGHTS-RELATED GRIEVANCES

In 2021, McDermott received 24 grievances related to Human Rights. All of these grievances were addressed through proper investigation and appropriate actions.