



OUR COMMITMENT

McDermott is committed to ensuring that our business and supply chains do not involve forced labor or human trafficking. McDermott's Code of Business Conduct and related internal processes reflect our commitment to acting ethically and with integrity in all our business relationships. McDermott's Social Responsibility Policy lays out our commitment to treating every person with respect and dignity and to providing quality work conditions that comply with applicable labor laws and the International Labour Organization's core conventions / Declaration on Fundamental Principles and Rights at Work, including labor principles related to freedom of association, nondiscrimination, and prohibition of forced labor, human trafficking, and child labor.

We will continue to improve our policies to further define our commitment and to enhance our control systems.

OUR BUSINESS

McDermott is a premier, fully-integrated provider of technology, engineering, and construction solutions to the energy industry. For more than a century, customers have trusted McDermott to design and build end-to-end infrastructure and technology solutions—from the wellhead to the storage tank—to transport and transform oil and gas into the products the world needs today. Our proprietary technologies, integrated expertise and comprehensive solutions deliver certainty, innovation and added value to upstream and downstream energy projects around the world.

Operating in more than 54 countries, McDermott's locally-focused and globally-integrated resources include approximately 30,000 employees, a diversified fleet of specialty marine construction vessels, and fabrication facilities around the world. We partner with a diverse group of more than 18,000 suppliers and subcontractors who provide a wide variety of products and services, such as specialized engineering and construction services, manufactured equipment, bulk materials, specialty products, consumable materials, and support services. This includes strategic relationships developed with key suppliers across major categories to further drive value for our projects and clients.

STAFF RECRUITMENT

Our recruitment policies are transparent and reviewed regularly. We communicate directly with candidates to discuss job opportunities and confirm the details of any offer made. McDermott does not charge candidates any fees or costs associated with employment, and recruiting or placement agencies that do business on behalf of McDermott may not charge candidates fees or costs of any kind.

We have robust procedures in place for vetting new employees, confirming their identities, and that wherever possible they are paid directly into an appropriate, personal bank account. We will continue to improve our policies to further ensure that third party labor providers are following the same level of standards we require for McDermott.

RISK ASSESSMENT

In 2018, McDermott increased efforts related to human rights by issuing our Social Responsibility Policy and conducting an assessment of human rights risks. These risks were noted in an internal report along with opportunities for improvement in our risk management and due diligence processes.

We focus on assessing key risks in our supply chain common to 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. Based on these risk assessments, we evaluate mitigation and due diligence measures in our global processes.



DUE DILIGENCE TO PREVENT SLAVERY, CHILD LABOR AND HUMAN TRAFFICKING

Our Code of Business Conduct and related policies require that our suppliers and subcontractors act in accordance with the law, with our Code of Business Conduct, and our values. Our Social Responsibility Policy includes the expectation that our suppliers and subcontractors perform their business while respecting and honoring individuals and their human rights.

To ensure our suppliers and subcontractors comply, we have in place a due diligence system, comprising:

- Acceptance of and agreement to comply with McDermott's Code of Business Conduct.
- Agreement not to use forced labor or child labor and not to engage in or facilitate human trafficking.
- Provisions in Subcontracts requiring compliance with human rights obligations, including not to use forced labor, child labor, and not to engage in or facilitate human trafficking.
- Training of employees on our Code of Business Conduct, general ethical principles, and human rights.
- Allowing any person to anonymously report via a confidential Ethics telephone hotline any suspected misconduct or violations of our Code of Business Conduct.
- Non-retaliation policies to protect whistle blowers and other persons engaged in reporting suspected misconduct or violations of our Code of Business Conduct.
- Updating awareness campaigns with respect to our Ethics telephone hotline and other reporting mechanisms.

We are also working to enhance our processes to improve the identification and assessment of potential risk areas in our supply chains and improve the effectiveness of supplier and subcontractor oversight with respect to the risk of forced labor, child labor, and human trafficking in our supply chains. Based on our internal human rights report, we plan to implement measures in 2019 to further develop our risk management and due diligence process, such as:

- Aligning with industry principles on worker welfare
- Updating the human rights language in our policy and supply chain documentation
- Enhancing our training efforts on human rights
- Integrating human rights elements into our internal audit processes

NOTES

This statement refers to the financial year ending on December 31, 2018. It is updated and approved annually by the Board of Directors of McDermott International Inc. and its relevant subsidiaries, in compliance with the UK Modern Slavery Act and all similar international laws.

David Dickson
President and Chief Executive Officer
McDermott International