

Modern Slavery Statement

2020

OUR COMMITMENT

McDermott's Code of Business Conduct and Social Responsibility Policy lay out our commitment to respecting human rights, treating every person with respect and dignity, and to providing quality work conditions that comply with applicable labour laws and the International Labour Organization's core conventions / Declaration on Fundamental Principles and Rights at Work, including labour principles related to freedom of association, nondiscrimination, and prohibition of forced labour, human trafficking, and child labour.

This statement applies to McDermott International, Ltd and its subsidiaries ("McDermott"). The statement describes the actions taken during the last financial year (2020) to address modern slavery risks in our business and supply chains and sets out the procedures we have in place to address risks. The statement also sets our plans to improve the program over the next year.

OUR BUSINESS

McDermott is a premier, fully-integrated provider of engineering and construction solutions to the energy industry. Our customers trust our technology-driven approach to design and build infrastructure solutions to responsibly transport, store, and transform oil and gas into the products the world needs today. From concept to commissioning, our expertise and comprehensive solutions deliver certainty, innovation and added value to energy projects around the world. It is called the "One McDermott Way."

Operating in over 54 countries, McDermott's locally-focused and globally-integrated resources include more than 27,000 employees, a diversified fleet of specialty marine construction vessels and fabrication facilities around the world. To learn more, visit www.mcdermott.com.

McDermott had, in 2020, a tier 1 supply chain of approximately 9,300 suppliers and subcontractors globally mostly in the Construction and Oil and Gas Services sectors. Key categories include construction and technical services, equipment, steel products, logistics, fuel, and administrative services.

MODERN SLAVERY RISKS

RISK ASSESSMENT

McDermott's internal human rights working group develops guidance for human rights processes in McDermott. We track human rights risks by country and monitor 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. On a project-specific basis, human rights forms part of our social responsibility processes for high risk sites.

McDermott has identified the following material modern slavery risks:

- Potential for forced labour issues in construction subcontractors that employ migrant workers from developing countries.
- Potential for forced and child labour in high risk countries (e.g. Global Slavery Index) where McDermott operates.

ADDRESSING THE RISKS

MCDERMOTT'S POLICIES

McDermott has a number of Principles and Policies that guide how McDermott conducts business. This includes the documents below which are applicable to our operations globally that provide ways to assess and address human rights risks, including modern slavery:

- [Code of Business Conduct and Code of Ethics](#)
- [Social Responsibility Policy](#)
- McDermott Management System
- Ethics and Compliance Program
- Human Rights in the Workplace Guidelines
- [Ethics Helpline](#) including [Web Reporting](#)
- QHSES Policy

In 2020, to improve human rights global guidance on worker welfare, McDermott published in its Management System our Human Rights in the Workplace Guidelines that are applicable globally, including to McDermott subcontractors on site. These guidelines provide direction in the following topics:

- Promoting dignity, respect and fairness
- Freedom from child labour
- Ensuring workers are free from forced, involuntary, bonded, trafficked or coerced labour
- Worker representation is respected
- Access to grievance mechanisms and access to remedy
- Adequate working and living conditions

This guideline supports our membership and commitment to the Building Responsibly Worker Welfare Principles.

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 processes in place for vetting new employees, confirming their identities, and that where possible they are paid directly into an appropriate, personal bank account.

As part of our post-engagement ongoing due diligence obligations, we require an annual certification from authorized signatories of each of our sales agents, sales representatives, sponsors, joint venture and consortium partners confirming their compliance with the Code of Business Conduct.

REPORTING CONCERNS

McDermott's Ethics Helpline and web reporting allow for stakeholders to report any concerns in an anonymous manner. We have a dedicated team of investigators who devote resources to investigating grievances and imposing remedial action where deemed necessary to hold violators of Company policies or the law accountable.

Our Compliance and Sustainability functions monitor and regularly report relevant human rights risks and issues, including any that would relate to modern slavery to our management team and Executive Steering Committee on Sustainability. McDermott provides periodic training to reinforce our Code of Business Conduct including human rights.

SUPPLY CHAIN DUE DILIGENCE

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

- Internal human rights audits and site human rights self-assessments that include subcontractor evaluation.
- Acceptance of and agreement to comply with McDermott's Code of Business Conduct and Social Responsibility Policy.
- Agreement not to use forced labour or child labour and not to engage in or facilitate human trafficking.
- Provisions in contracts requiring compliance with human rights obligations, including not to use forced labour, child labour, and not to engage in or facilitate human trafficking.

ASSESSING THE EFFECTIVENESS OF ACTIONS

We assess effectiveness of actions by reviewing grievance trends and the results of self-assessments and internal audits. Starting in 2020, McDermott introduced human rights indicators in its Sustainability Reporting. In our annual Sustainability Report we will provide statistics for our Code of Conduct training, Ethics Helpline and human rights such as number of human rights self-assessments and number of human rights internal audits.

The Executive Steering Committee on Sustainability regularly reviews our human rights performance, risks, and mitigation/ avoidance measures. We have set a sustainability target around human rights due diligence compliance for our global operations to be rolled out in 2021.

PROCESS OF CONSULTATION

Our human rights program and related policies, including our Code of Conduct, are used across all of McDermott globally. The Code of Conduct and Social Responsibility Policy were developed in consultation with leaders and experts who provide supporting systems and processes across the globe. Our management system, procedures, due diligence tools, training and education resources are available to all McDermott employees.

To develop this statement McDermott has consulted with our U.K. and Australia legal entities:

- CB&I UK Limited, U.K.
- McDermott Marine Construction Limited, U.K.
- CB&I Australia Pty Ltd, WA

- CB&I Constructors Pty. Ltd., WA
- McDermott Australia Pty. Ltd., WA
- J. Ray McDermott (Aust.) Holding Pty Limited, WA

FUTURE COMMITMENTS

McDermott will continue 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 labour, child labour, and human trafficking in our supply chains.

In 2021, we plan to focus our efforts on:

- Improving and streamlining our human rights internal audits and self-assessments
- Improving knowledge of human rights and worker welfare
- Expanding human rights training and awareness at a global level
- Publishing updated Human Rights Due Diligence Guidelines in our management system
- Partnering with a third party due diligence platform specific to forced labour, that verifies recruitment processes for vulnerable migrant workers in certain locations
- Improving Sustainability Reporting of Human Rights and tracking progress toward targets

This statement relates to the financial year which ended on December 31, 2020. It is applicable to McDermott International, Ltd. and its subsidiaries and was approved by the Governance Committee of the Board of Directors, on behalf of the Board of Directors, on May 10, 2021. This statement is intended to address McDermott's obligations under the UK Modern Slavery Act 2015, the Australian Modern Slavery Act 2018, and similar applicable international laws.



Lee McIntire
President and Chief
Executive Officer
McDermott
International, Ltd.
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