



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.

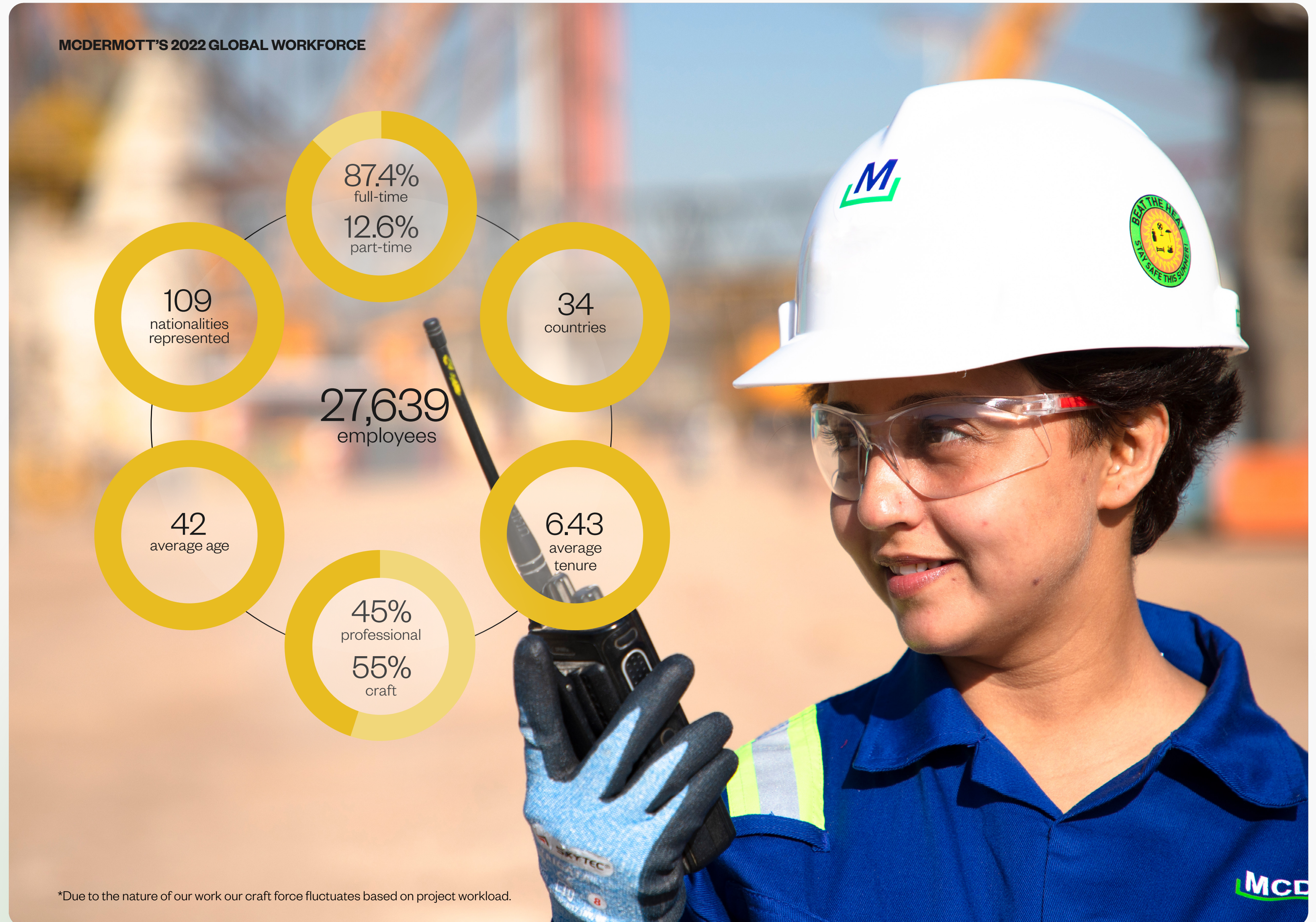


# People

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)

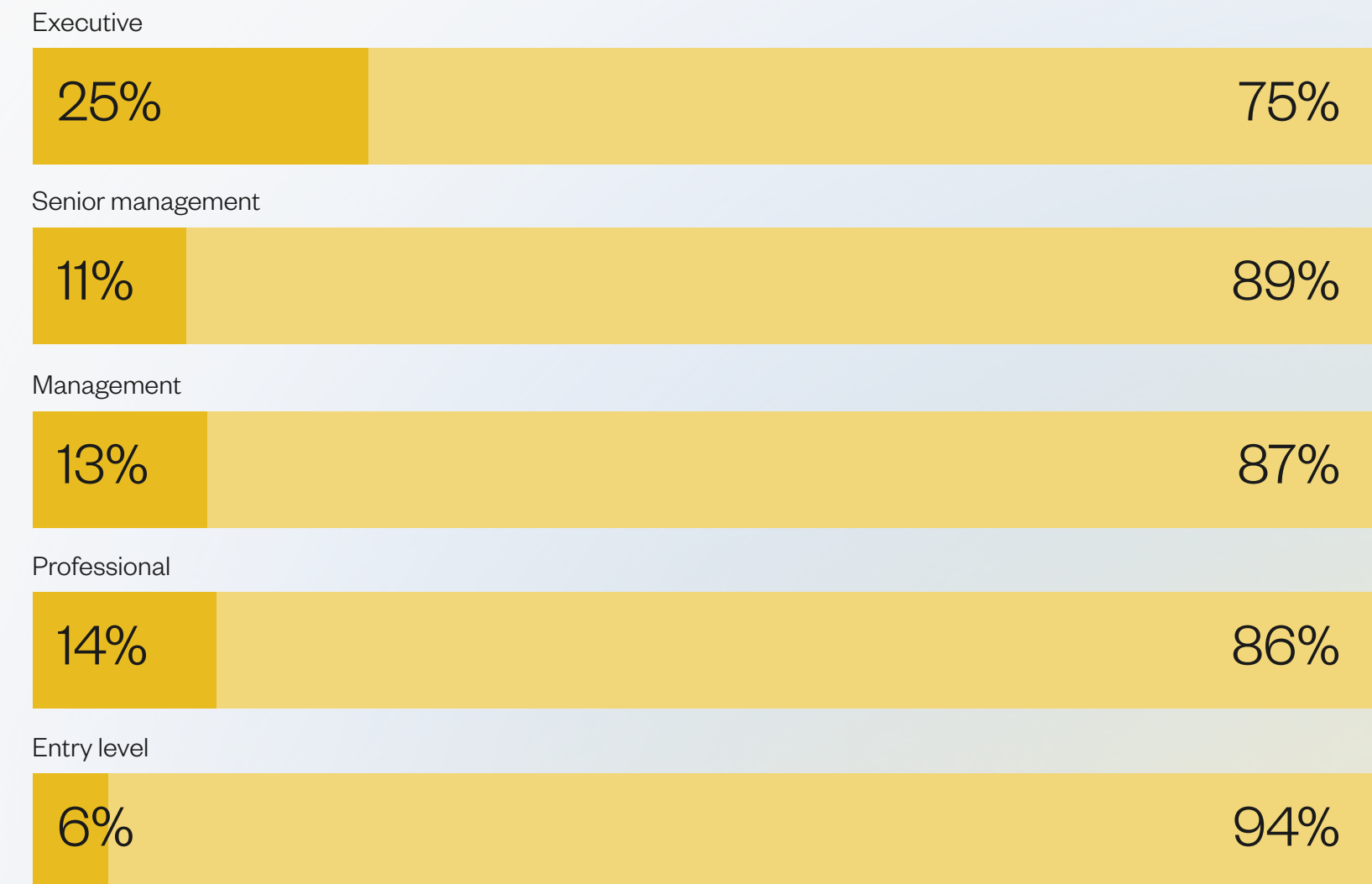
## TOTAL WORKFORCE BY GENDER %



## 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



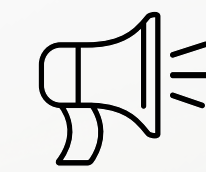
#### Recruitment

**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**



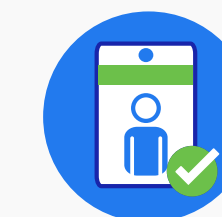
**Plant and Equipment**



**Risk of Impact**



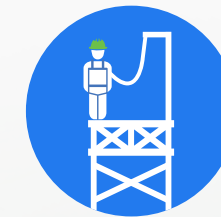
**Mechanical Lifting**



**Permit to Work**



**Ground Disturbance**



**Working at Height**



**Confined Space**



**Energy Isolation**



**Management of Change**



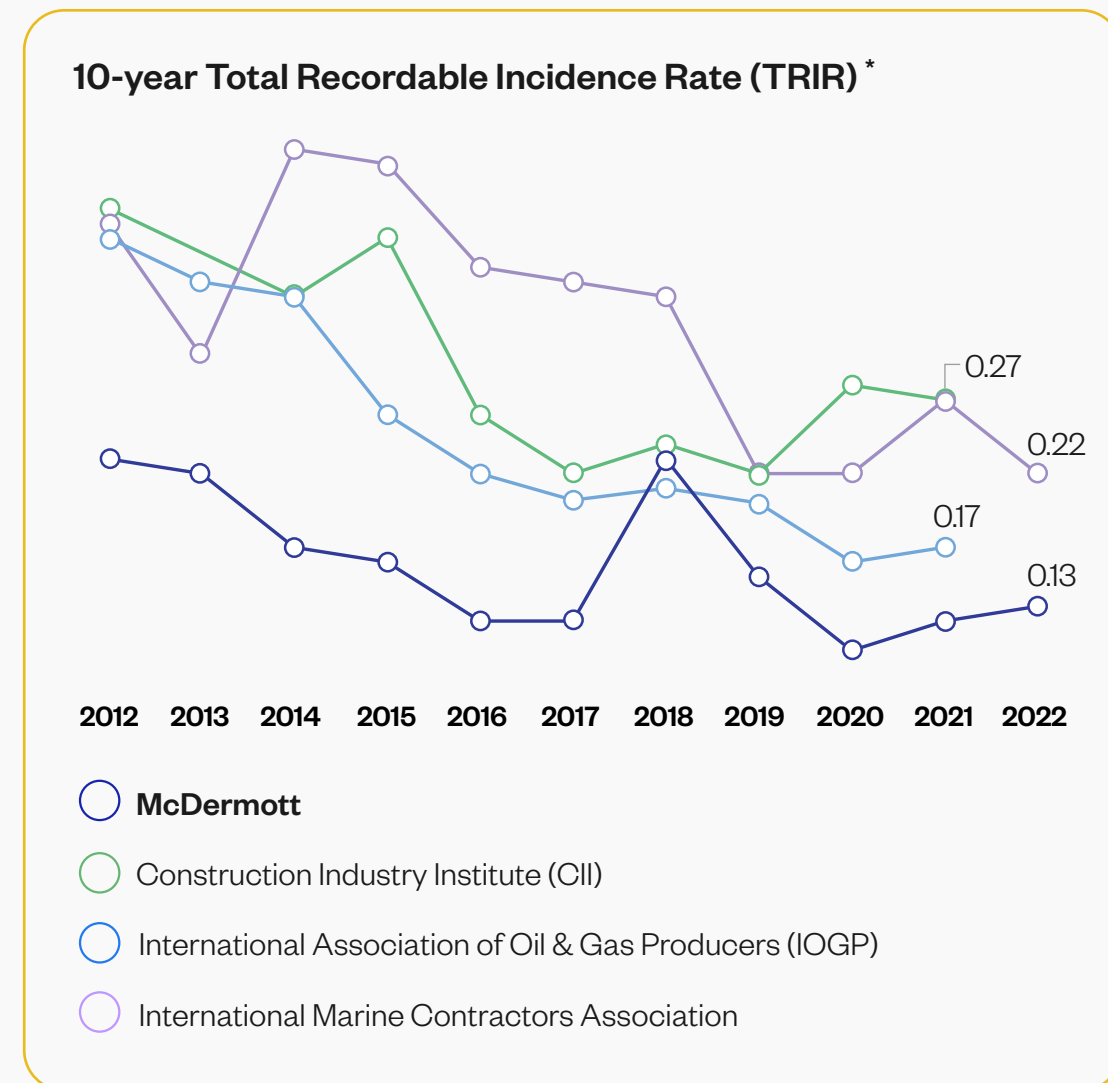
**Dropped Objects**



## 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.

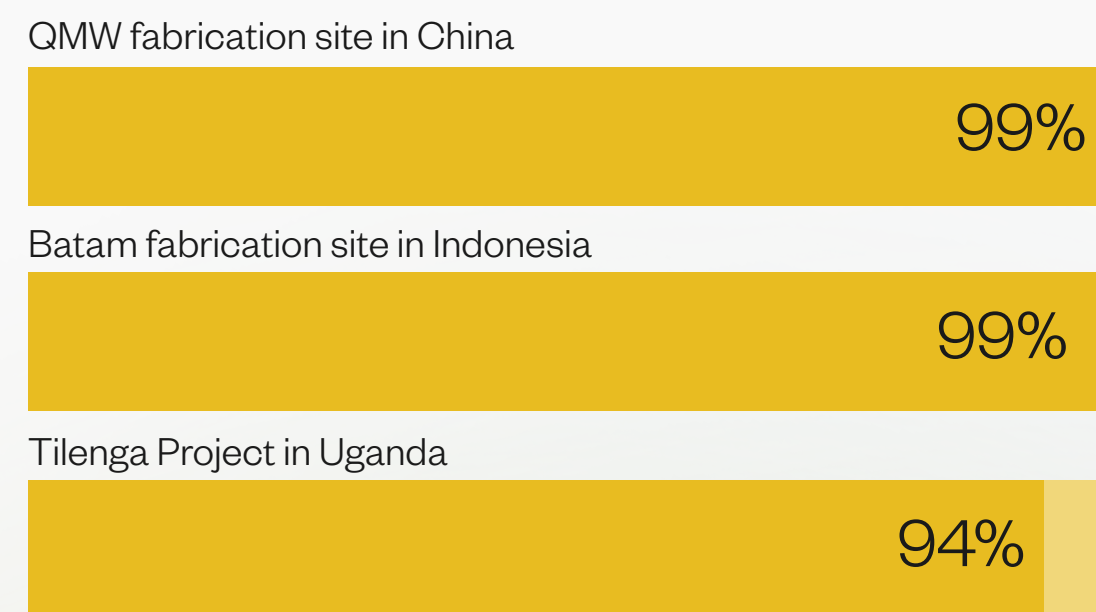




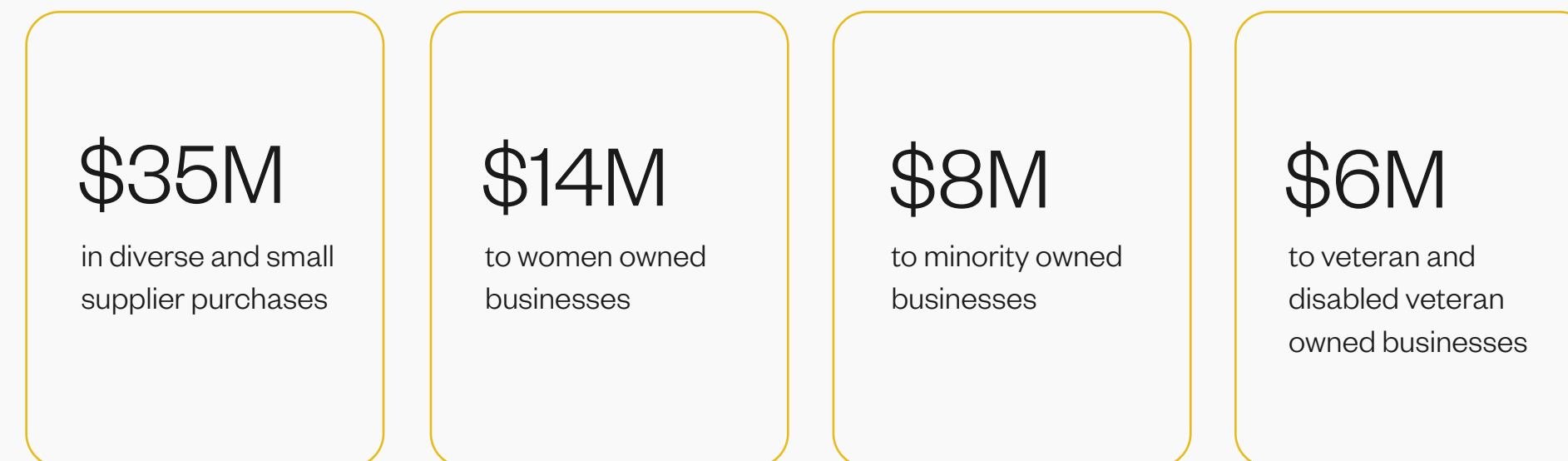
# Local content

Local content is foundational to our sustainability strategy and commitment to social responsibility in supporting the communities and economic development where we operate globally.

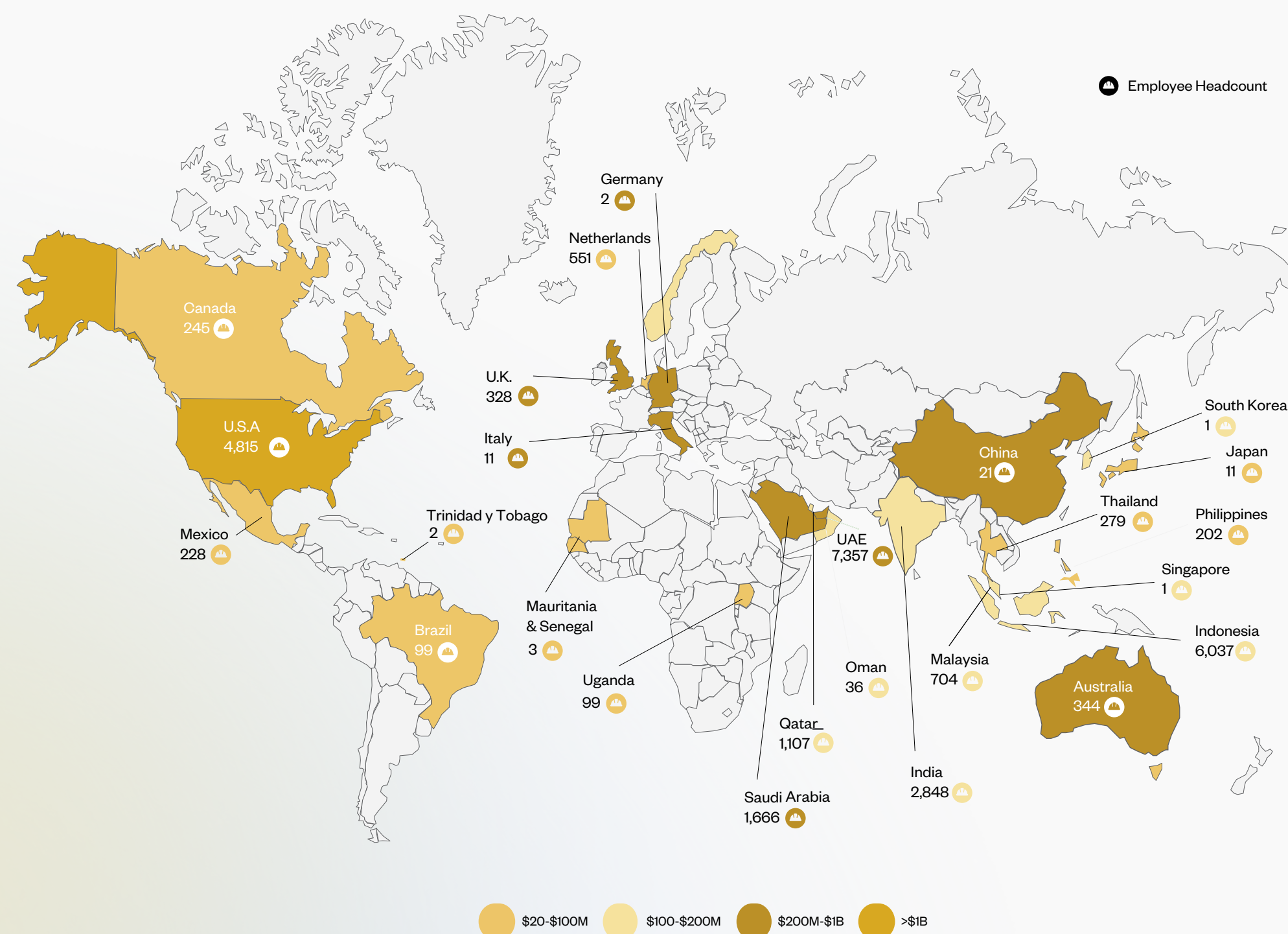
In 2022, McDermott's host country (national) employment was:



## DIVERSE SUPPLIER SPENDING



## SUPPLY CHAIN SPEND AND NUMBER OF WORKERS/COUNTRY



## MOZAMBIQUE LNG

Ninety (90) youths were selected from Cabo Delgado Province to participate in the Mozambique LNG capacity building program. This six-month vocational training curriculum includes HVAC, plumbing, and electrical content at the Alberto Cassimo Institute for Vocational Training and Labor Studies (IFPELAC- Instituto de Formação Profissional e Estudos Laborais Alberto Cassimo) facilities. The Institute's mission is to provide skills training that enhances the skills and employability of individuals throughout the region.

## LOCAL SUPPLIER DEVELOPMENT AND EVALUATION

Currently in our Tilenga Project, McDermott performs quarterly supplier workshops, where we explain opportunities and qualifications for local suppliers. In 2022, over 4,300 beneficiaries attended those supplier workshops. In addition, McDermott performs subcontractor evaluation where local content and social management account for 10% and 5% of the technical evaluation.





# 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:

