

# Modern Slavery Statement

2021

## OUR COMMITMENT

McDermott's Code of Business Conduct and Human Rights 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, non-discrimination, 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 (2021) 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 in 2022.

## 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 engineered to responsibly harness and transform global energy resources into the products the world needs. From concept to commissioning, McDermott's innovative expertise and capabilities advance the next generation of global energy infrastructure—empowering a brighter, more sustainable future for us all. Operating in over 54 countries, McDermott's locally-focused and globally-integrated resources include more than 30,000 employees, a diversified fleet of specialty marine construction vessels and fabrication facilities around the world. To learn more, visit [www.mcdermott.com](http://www.mcdermott.com).

In 2021, McDermott had a tier 1 supply chain of approximately 7,300 suppliers and subcontractors globally. Key categories include construction and technical services, equipment, steel products, logistics, fuel, and administrative services.

## MODERN SLAVERY RISKS

### RISK ASSESSMENT

McDermott's Sustainability and Governance function develops guidance for human rights processes across the company. We evaluate 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 and inadequate living conditions of subcontractor's workforce which include 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's Principles and Policies guide how we conduct business. Our Policies include the documents below that apply 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](#)
- [Human Rights and Social Responsibility Policy](#)
- McDermott Management System
- Ethics and Compliance Program
- Human Rights in the Workplace Guidelines
- Human Rights Due Diligence Guidelines
- [Ethics Helpline](#) or [Web Reporting](#)
- QHSES Policy

In 2021, to improve human rights global guidance on worker welfare, McDermott published its Human Rights Due Diligence in our Management System, which guides McDermott's human rights issues management (including in supply chain). This document provides direction on human rights topics including:

- issues prevention
- issues identification
- grievance mechanisms
- self-assessments
- internal audits
- external audits

- issues management

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, while our recruiting and placement agencies may not charge candidates fees or costs of any kind. We have processes in place for vetting new employees confirming their identities and age.

As part of our post-engagement ongoing due diligence, 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 our Code of Business Conduct.

## REPORTING CONCERNS

McDermott's Ethics Helpline and web reporting allow stakeholders to report any concerns in an anonymous manner. We have a team of investigators dedicated to investigating grievances and taking remedial action when deemed necessary to enforce Company policies and the law and hold people accountable.

In 2021, we initiated a "SPEAK UP" program in our UAE fabrication yard. The "SPEAK UP" is tailored for workers (McDermott's or subcontractors) to provide easy access and feedback so that they can report any concerns in a safe, convenient, and anonymous manner. In 2022, we plan to deploy the "SPEAK UP" program in other major fabrication yards and significant Projects around the world.

Our Compliance and Sustainability teams monitor and regularly report relevant human rights risks and issues, including any that would relate to modern slavery, to our executive management team. McDermott also provides periodic training to reinforce the guidance in our Code of Business Conduct including human rights.

## SUPPLY CHAIN DUE DILIGENCE

Our Code of Business Conduct and related policies require our suppliers and subcontractors to act in accordance with the law, our Code of Business Conduct, and our values. Our Human Rights and 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 a due diligence system in place, 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 Human Rights 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 avoidance any

action or facilitation of forced labour, child labour, or human trafficking.

In 2021, we piloted a partnership with Cumulus to perform third party audits on selected subcontractors, specifically on forced labour indicators. We look forward to similar partnerships in the future.

## ASSESSING THE EFFECTIVENESS OF ACTIONS

We assess effectiveness of actions by reviewing grievance participation and trends and the results of self-assessments and internal audits. In 2020, McDermott introduced human rights indicators in its Sustainability Reporting. In our 2021 Sustainability Report, we will provide statistics for our Code of Conduct training, Ethics Helpline, and human rights grievances.

The Sustainability and Governance function 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 for 2023. To achieve such target, in 2022, we plan to perform internal human rights audits in our major fabrication yards and high-risk projects.

## 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 Human Rights 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 and, in specific cases, also to our subcontractors.

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 Limited, WA
- CB&I Constructors Pty Limited, New South Wales
- McDermott Australia Pty Limited, 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 2022, we plan to focus our efforts on:

- Perform internal human rights audits in all of our major fabrication yards
- Perform internal human rights audits in all of our significant projects
- Deploy our SPEAK UP program in all our major fabrication yards and select projects
- Perform training specific to VPSHR
- Improving knowledge of human rights and worker welfare
- Expanding human rights training and awareness at a global level (including to subcontractors)

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This statement relates to the financial year which ended on December 31, 2021. It is applicable to McDermott International Ltd. and its subsidiaries. This statement addresses McDermott's obligations under the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018 and similar applicable international laws.

On Behalf of the Board of Directors



Michael McKelvy  
President and Chief Executive Officer  
McDermott International, Ltd  
June 2022