

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT 2025

## GOVERNANCE

### Board Oversight

The Board of Directors oversees climate-related risks and opportunities annually as part of its broader oversight of sustainability performance, strategy, risk management, regulatory compliance, and reporting. This oversight is supported by the Board’s committee structure:

- Governance Committee: Oversees climate-related strategy, priorities, targets, climate risk management approach, and regulatory reporting.
- Risk Committee: Reviews climate-related risks and opportunities within the Company’s risk management processes, including project-level risks.
- Audit Committee: Oversees sustainability disclosures, including that subject to independent assurance.
- Compensation Committee: Oversees alignment between sustainability and climate performance and incentive design.

Climate-related matters are escalated through these committees to enable timely oversight and decision-making.

### Management Oversight

Management is responsible for implementing the Company’s climate-related strategy and managing associated risks and opportunities. The Executive Sustainability Committee sets strategic direction and monitors progress against targets.

Execution is supported by the Sustainability and Governance

function, led by the EVP of Sustainability and Governance (Chief Legal Officer), which coordinates inputs across key functions and ensures consistency in performance tracking and reporting. Sustainability resources embedded across operations work with operational teams to report project and site level metrics and support implementation of sustainability processes.

See page 7 for further details on our sustainability governance structure.

## STRATEGY

### Climate-related risks and opportunities

McDermott identifies climate-related risks across short (1 year), medium (5 years) and long-term (>5 years) horizons and considers these in business strategy and planning. Assessments focus on impacts to health and safety, continuity of operations, evolving energy systems, implications for our workforce and host communities, vessels, fabrication yards, and construction sites, and customers’ energy infrastructure needs.

Risk and opportunity owners work with the Sustainability & Governance function to assess impacts, define mitigation actions, and feed these into financial and operational planning.

### Climate-related risks

#### Physical risks

- Extreme heat and humidity affecting workforce safety and productivity

- Acute weather events causing HSE and operational impacts
- Sea-level rise from extreme tides and cyclone-driven storm surges impacting coastal assets and project sites through access disruption, delays, and asset damage
- Exposure related to operational greenhouse gas emissions

#### Transition risks

- Tightening ESG / climate regulation increasing compliance burden and execution risk
- Disruption of supply chain
- Energy transition-related demand, policy and technology uncertainty

### Climate-related opportunities

- Energy efficiency: Increased use of efficient construction and installation practices
- Renewable energy: Increased availability and use of alternative energy sources
- Energy transition: Access to new markets
- Energy transition: Development of alternative or lower-carbon solutions

### Impacts on business, strategy and financial planning

Climate considerations inform operational priorities and project delivery planning. Climate-related risks may influence financial

performance through changes in operating costs, vessel utilization, insurance premiums, and revenue mix as customer demand evolves.

McDermott’s strategy prioritizes energy efficiency and emissions reductions across fabrication yards and the marine fleet. In 2025, this included expanding ISO 50001 (energy management) certification, strengthening energy performance management through improved data capture and analysis, and implementing targeted efficiency measures such as equipment upgrades and asset utilization technology. Renewable energy sourcing remains integral to onshore operations, including expansion of solar generation capacity and increased use of grid-sourced renewable electricity.

We are positioned to support customer demand for lower carbon infrastructure and energy transition solutions, including offshore wind grid connection infrastructure, sustainable aviation fuels, hydrogen enabled industrial decarbonization, and modularized fabrication delivery that reduces project emissions. Regulatory developments and climate related reporting are monitored, and their impacts reported to the Governance committee bi-annually. In 2025, this report included progress on preparations for the EU CSRD and Australia’s AASB, applicable from FY 2027.

## Scenario analysis

McDermott’s climate-related risk assessment is informed by NGFS (Network for Greening the Financial System), including the Net Zero 2050 scenario reflecting early technology adoption; Divergent Net Zero and Delayed Transition scenarios reflecting more adverse transition pathways; and the Current Policies scenario reflecting heightened physical risk outcomes.

## RISK MANAGEMENT

### Processes for identifying, assessing and managing climate-related risks

Sustainability Data and Reporting team ensures that climate-related

risks identified, and aligned to our material topics, are incorporated into the enterprise risk management (ERM) framework, covering physical and transition risks.

Risks are assessed using a qualitative methodology, with impact and probability scoring used to determine severity. As part of the annual ERM cycle, climate related risks follow the standard risk management process, which includes:

- Identifying risks;
- Assessing risks using impact and probability scoring to determine severity;
- Assigning ownership to a designated Risk Manager responsible for mitigation planning and action closure;
- Developing and implementing mitigation measures to manage risk exposure;
- Monitoring and reporting progress through ERM governance channels; and
- Internal Audit reviews of mitigation implementation

Monitoring of emerging regulation is embedded within management system requirements. ISO 14001 and ISO 50001 certifications require facilities to track relevant regulatory developments and incorporate impacts into planning.

### Integration of climate-related risks into overall risk management

Climate-related impacts, risks and opportunities from our DMA have been integrated into our enterprise risk management review. These risks were subsequently reviewed as part of our annual Executive Leadership Team risk assessment, resulting in agreed updates to our climate-related risk profile.

Under this framework:

- The Board and its Risk Committee oversee the ERM program and review material risks;

- The ERM Executive Steering Committee monitors risks and reviews ratings, assigns Risk Managers and oversees mitigation plans;
- The ERM Program Team maintains the risk register, calibrates severity ratings, and supports analysis and reporting;
- Risk Managers implement mitigation actions and report progress;
- Internal Audit reviews mitigation implementation and provides feedback into the ERM process; and
- Climate related risks follow the same governance, escalation, and review processes as other enterprise risks

## METRICS & TARGETS

McDermott uses defined metrics to assess and manage climate-related risks and opportunities. In 2025, these included:

- Scope 1 and Scope 2 GHG emissions;
- Energy consumption indicators across relevant operations and assets; and
- Electricity consumed from renewable sources in own operations

McDermott uses a marginal abatement cost curve (MACC) to prioritize emission-reduction opportunities based on operational relevance, stakeholder expectations and cost-benefit considerations.

We remain committed to decarbonization of our operations. To align with our changing context, we have extended our near-term emissions reduction target from 2030 to 2035 recognizing that the commercial scale and availability of low carbon technologies and fuels to support marine operations remains a challenge. We continue to monitor the progress and maturity of cleaner technologies to support our operations to ensure we invest in the suitable technologies at the right pace.

See page 30 for a quantified summary of GHG emissions in 2025.