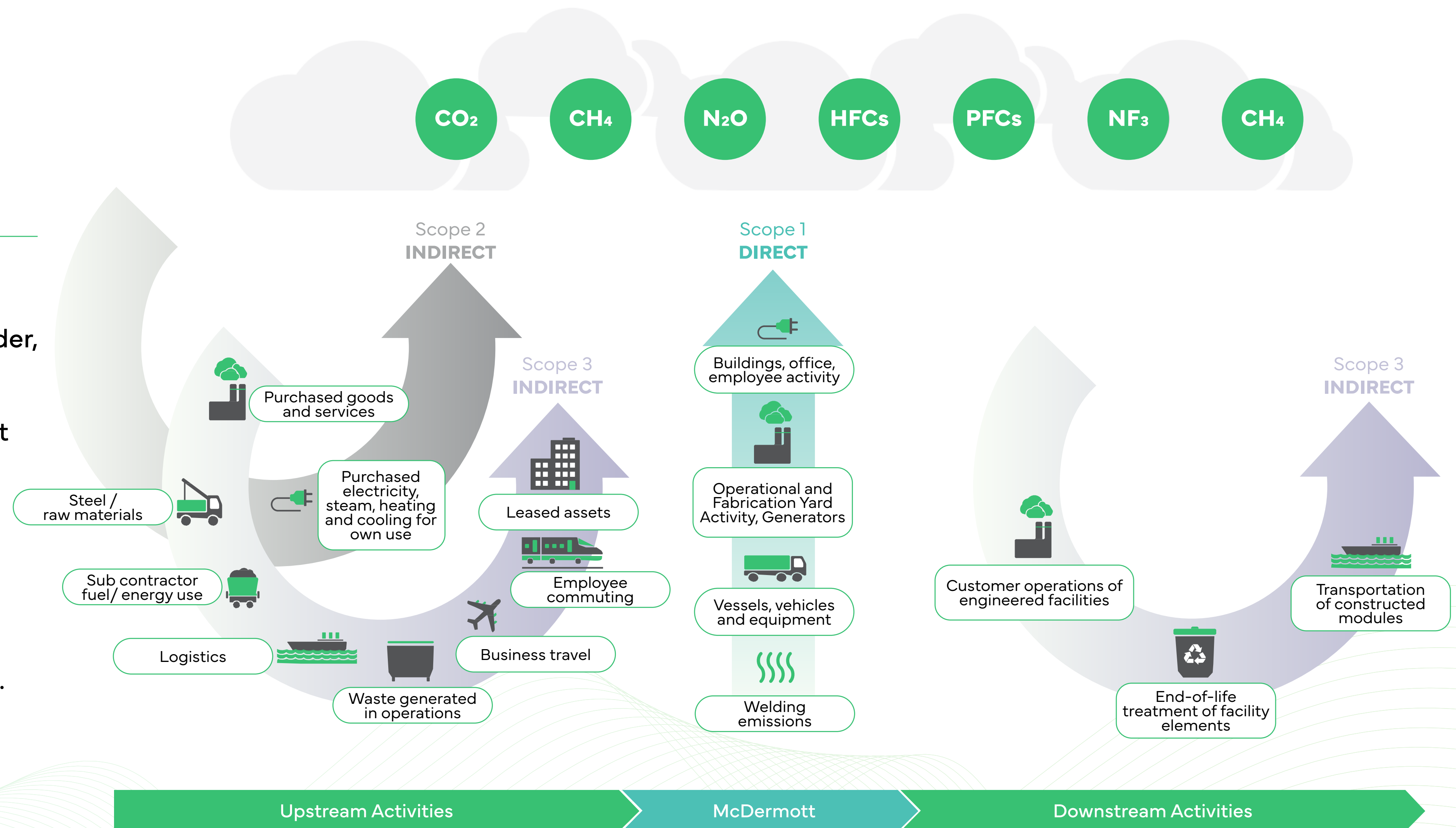


ENVIRONMENTAL STEWARDSHIP

What Sets Us Apart

As a fully integrated engineering, procurement, construction, and installation (EPCI) solutions provider, we maintain operational control and influence over our emissions, energy, and fuel usage – a distinct advantage that sets us apart.

This integrated approach enables us to decarbonize projects across the value chain, as we focus on supporting our customers and suppliers to deliver emission reductions through their facilities.



Examples of emission sources relevant to McDermott's operations; [source: GHG Protocol, the McDermott perspective](#)

Decarbonizing Our Operations

Reducing emissions in our facilities enhances our ability to offer our customers low-carbon EPC project delivery.

Energy Management

In 2023, we increased global use of grid-sourced renewable energy to 77%, contributing to meaningful reductions in our carbon emissions (up to 56,300 tonnes of carbon dioxide equivalents (tCO₂e)).

We also added to our onsite solar capability at our Batam Fabrication Yard (BFY), enabling us to adopt lower carbon energy solutions for sustainable fabrication operations.

INVESTING IN RENEWABLE ENERGY SOURCES AT OUR FABRICATION YARDS

In 2023, we initiated the largest on-grid solar panel system on Batam island, set to cover 24,000 square meters (m²) of our BFY facilities once complete. This project, part of a 6.2 megawatt peak (MWp) initiative with PLN, Indonesia's State Electricity Company, will supply over 20% of the yard's power usage.

This progress, coupled with solar progress in the Qingdao McDermott Wuchuan (QMW) and Chonburi Thailand yards in 2022, achieved a total 6,669 megawatt-hour (MWh) of solar installed capacity globally.



Fuel Management

Our operations require large quantities of fuel to power our construction vessels, run our heavy machinery and other equipment. To further reduce our carbon footprint, we increasingly use digitalization in our operations.

For example, we implemented asset utilization software at our Jebel Ali Fabrication Yard to generate data on fuel efficiency of machinery and vehicles, which enabled an 8% reduction in fuel consumption. Building on this success, we are leveraging software to evaluate the positive impacts of retrofitting equipment to increase fuel savings.

By embracing innovative technology solutions, we not only drove operational efficiencies and cost effectiveness but also supported our sustainability aspirations, demonstrating McDermott's commitment to mitigating environmental impact and taking meaningful action toward our Net Zero goals.

MONITORING AND MINIMIZING FUEL CONSUMPTION

FUELTRAX is a fuel monitoring system that provides real-time data on fuel consumption for vessels, promoting transparency and enhancing operational efficiency.

We equipped two of our marine vessels, the DB32 and the DB50. This system uses coriolis meters installed on strategic points of the fuel lines to track fuel consumption and engine performance. Utilizing data from the system, we are creating a database for benchmarking vessel performance, from which we will be able to establish key performance indicators (KPIs) for optimal performance.



Marine Operations

We own and operate a diverse array of vessels, including derrick barges, construction and pipelay, and support vessels capable of transporting and installing jackets, topsides, pipelines, and other complex subsea structures for offshore projects globally.

This strategic advantage not only enhances operational efficiency but also affords us greater control over scheduling and project timelines, ensuring streamlined project execution and asset management.

We continue to evaluate various marine technologies to determine their suitability for our vessels, as avenues to minimize our carbon footprint while maximizing operational efficiency. These include hybridization, retrofitting vessels for shore power connectivity, and expanding our vessel fuel monitoring system.

Using our carbon reporting software, we examine emissions associated with subsea project activities to which our vessels are deployed. This data helps us determine different field development options or project scenarios, as well as vessel allocation based on the predicted operational emissions.



REDUCING MARINE OPERATIONAL EMISSIONS

We completed a study that compared the overall impact on marine operations and embodied greenhouse gas (GHG) emissions associated with the installation of rigid pipelines via the J-Lay method to a vessel with reel-lay capability.

The study revealed that using the J-Lay method can reduce emissions by 3,165 tCO₂e (16% less) compared to the reel-lay method.



Water Management

Our global operations work to reduce water consumption by optimizing the use, reuse, and recycling of water consistent with our water management efficiency guidelines. Examples of water reuse across our operations include:

- Reusing stormwater for dust suppression and soil compaction at projects like Tilenga and Borstar Bay 3.
- Utilizing rainwater harvesting systems for dust suppression at BFY.
- Achieving 50% water savings at the Refidomsa Project in the Dominican Republic by transferring 10,033 cubic meters (m³) of water per sphere test.
- Recycling kitchen water for irrigation at the George Wassef camp in Saudi Arabia.
- Treating wastewater for reuse in dust suppression at the Golden Pass facility, which reused 16,156 m³ of treated wastewater.
- Installing a ballast water treatment facility on the DB50 vessel, exceeding global standards and setting an example for other vessels like DB30 and DB32.

Waste

In 2023, we achieved a 73% reduction in solid waste sent to landfill. Enhanced waste segregation methods, employee awareness programs, and collaboration with supply chain partners were instrumental in this success.

Company-wide efforts, including waste workshops, a ‘Vessel Green Challenge’, employee-led initiatives such as beach clean-ups, helped increase awareness, improve reporting, and strengthen our commitment to waste reduction and environmental stewardship.

In our fabrication yards, we seek to optimize our use of procured raw materials, reducing waste and preventing scrap generation. Within the yards, surplus material is managed through a centralized inventory, allowing allocation of the surplus material for future projects or fabricated into installation aids.

**5 OF OUR OFFICES
REPORTED ZERO
WASTE TO LANDFILL**
(Brno, Doha, Gurgaon, London , and The Hague)



**13 BEACH CLEAN-UPS
AND OVER 6.4 METRIC
TONS OF WASTE
COLLECTED**
(From Brazil to Angola and Qatar to Malaysia)

Circularity

Circularity throughout a project’s lifecycle remains key to minimizing waste, promoting reuse, and managing our environmental footprint. We seek to influence circularity throughout our value chain, from engineering design to construction.

We are evaluating the use of reporting and measurement tools to assess the circularity of our products and service offerings. Measurement and reporting of circular indicators are key steps in understanding circularity across the value chain, as we continue to work with our clients and suppliers to improve circularity at every project stage.

We continue to research new materials and products with the goal of employing circular principles in facilities we design and build.

Our Circularity Initiatives

Reduce

- Using digital technologies to reduce use of energy
- Using alternative, greener fuels wherever possible
- Designing out flaring and reducing probability of leakages
- Providing design standardization opportunities across facilities
- Prioritizing use of non-metallics
- Prioritizing use of renewable energy

Reuse

- Promoting use of non-virgin material in steel production
- Engaging with suppliers to implement new materials like green steel and green concrete

Recycle

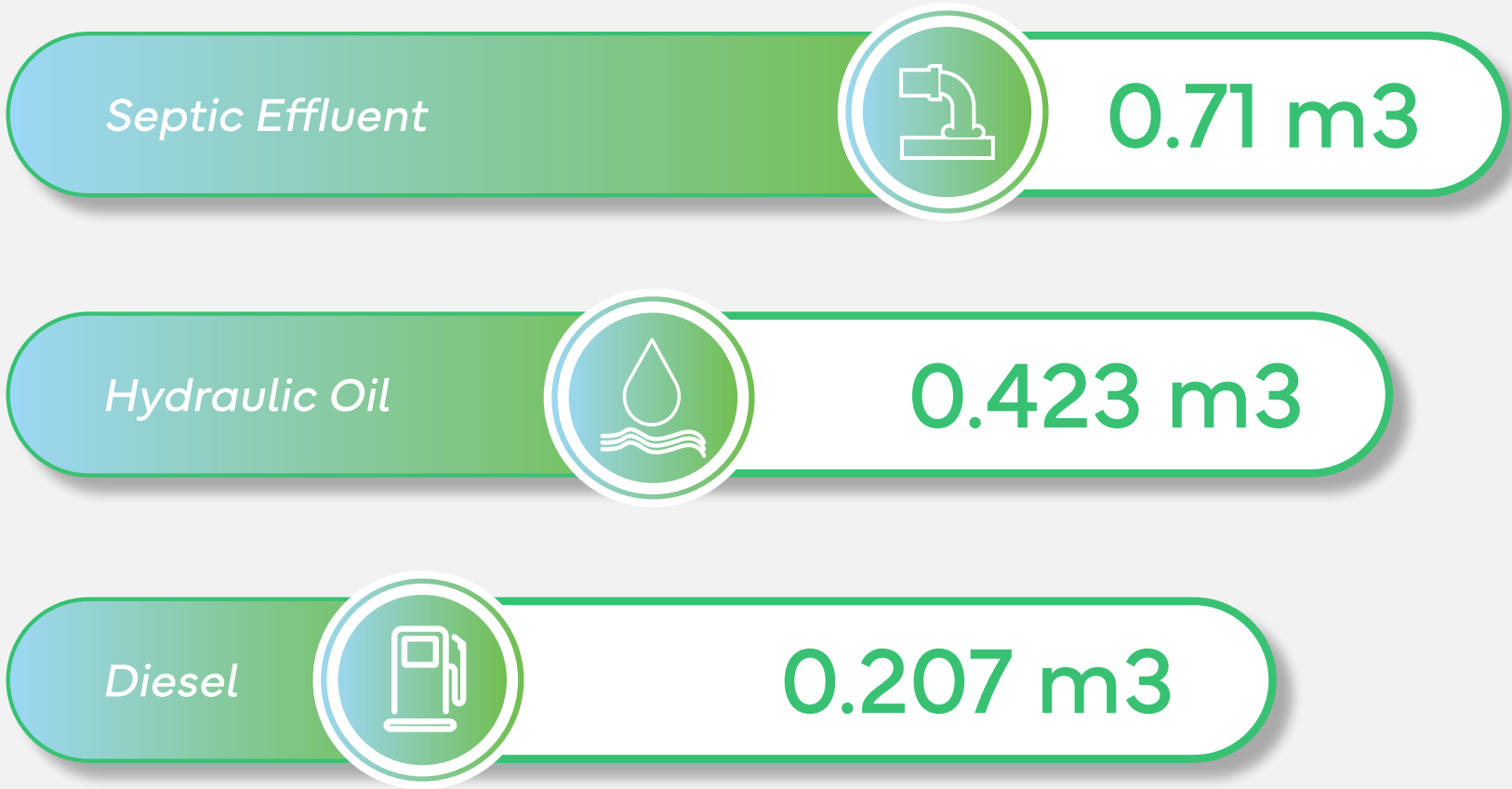
- Divert waste from landfill

Spill Prevention

Our Spill Prevention and Control Measure Process is designed to protect the air, soil, and water from unplanned releases. The process consists of six components: Identify, Evaluate, Prepare, Train, Monitor, and Report. By rigorously following these steps, our employees and contractors seek to identify areas of risk where potential spills or releases may occur and, when necessary, implement control measures to prevent and minimize impacts.

In 2023, three significant releases (to land) posed a moderate impact as the spills were greater than 0.095 m3 for a total release of 0.795 cubic meters.

2023 Top 3 Loss Containment by Material:



Reducing Air Emissions

Our commitment to reducing our air emissions is embedded in McDermott’s Environmental Management System, which conforms to ISO 14001:2015.

Fabrication Yards	Vessels	Construction Emissions
<div>Emissions Sources<ul style="list-style-type: none">Blasting and painting activities</div> <div>Measures in place<ul style="list-style-type: none">Monitor air emissions in line with ALARP (“as low as reasonably practicable”) principles, Environmental Impact Aspects (EIA) assessments and permit obligationsInstallation of air filtration unitsRegular equipment maintenanceUse approved blasting media and paintsOngoing monitoring and sampling of pollutants and ambient air quality</div>	<div>Emissions Sources<ul style="list-style-type: none">Marine fleet</div> <div>Measures in place<ul style="list-style-type: none">Certified in International Air Pollution PreventionCertified in Engine International Air Pollution Prevention (EIAPP)</div>	<div>Emissions Sources<ul style="list-style-type: none">Construction site activities</div> <div>Measures in place<ul style="list-style-type: none">Equipment maintenance per manufacturer specificationImplement chemical management best practices.</div>

Protecting Biodiversity

In developing and executing our projects, we recognize the importance of preserving the regions’ often pristine, ecologically sensitive biodiversity.

We are guided by our regulatory, contractual, and established environmental management processes.

Our EIA assessment process identifies the potential impacts, mitigating controls, and applicable environmental compliance requirements.

We work with customers, regulators, conservation groups, and other stakeholders to reduce our potential impact and maintain each area’s natural resources.

During 2023, we planted more than 720 mangrove trees, ranging from Dubai to Kuala Lumpur.



WOODFIBRE LNG PROJECT

The site of our Woodfibre LNG project is identified as an environmentally sensitive aquatic environment in Squamish, British Columbia, Canada. Consultation with stakeholders, including the Squamish First Nation, is ongoing. Initiatives underway to protect this pristine environment include:

- Salvaging and relocating marine life, such as sea stars, dungeness crabs, and green urchins, with 486 species already relocated.
- Conducting Marine Mammal Monitoring and Acoustic Monitoring prior to the start of marine construction activities.
- Establishing exclusion zones for seals and aquatic mammals.
- Conducting water quality monitoring during water construction activities.
- Engaging in spill prevention.
- Restricting in-water work to minimize impact to the marine habitat.
- Completing fish sweeps prior to conducting in-water work.
- Monitoring water quality.

INTEGRATING DESIGN INTO BIODIVERSITY PROJECTS

We are currently executing the engineering, procurement, construction, and installation (EPCI) expansion of the North Field, the world’s biggest single non-associated natural gas field, offshore the north-east Qatar peninsula – covering an area in which mangroves grow densely.

Following an environmental impact assessment (EIA), we developed a comprehensive plan to conserve and restore the mangrove forests, which includes:

- Constructing an underground micro tunnel beneath the mangroves to minimize habitat destruction.
- Establishing a mangrove restoration program to replant damaged or degraded areas.

This project emphasizes the importance of proactive biodiversity considerations in the engineering phase, especially in projects that intersect with sensitive ecosystems.



Supporting Our Customers in the Energy Transition

We work closely with our customers to deliver engineering and construction projects that enhance energy security and support their sustainability targets.

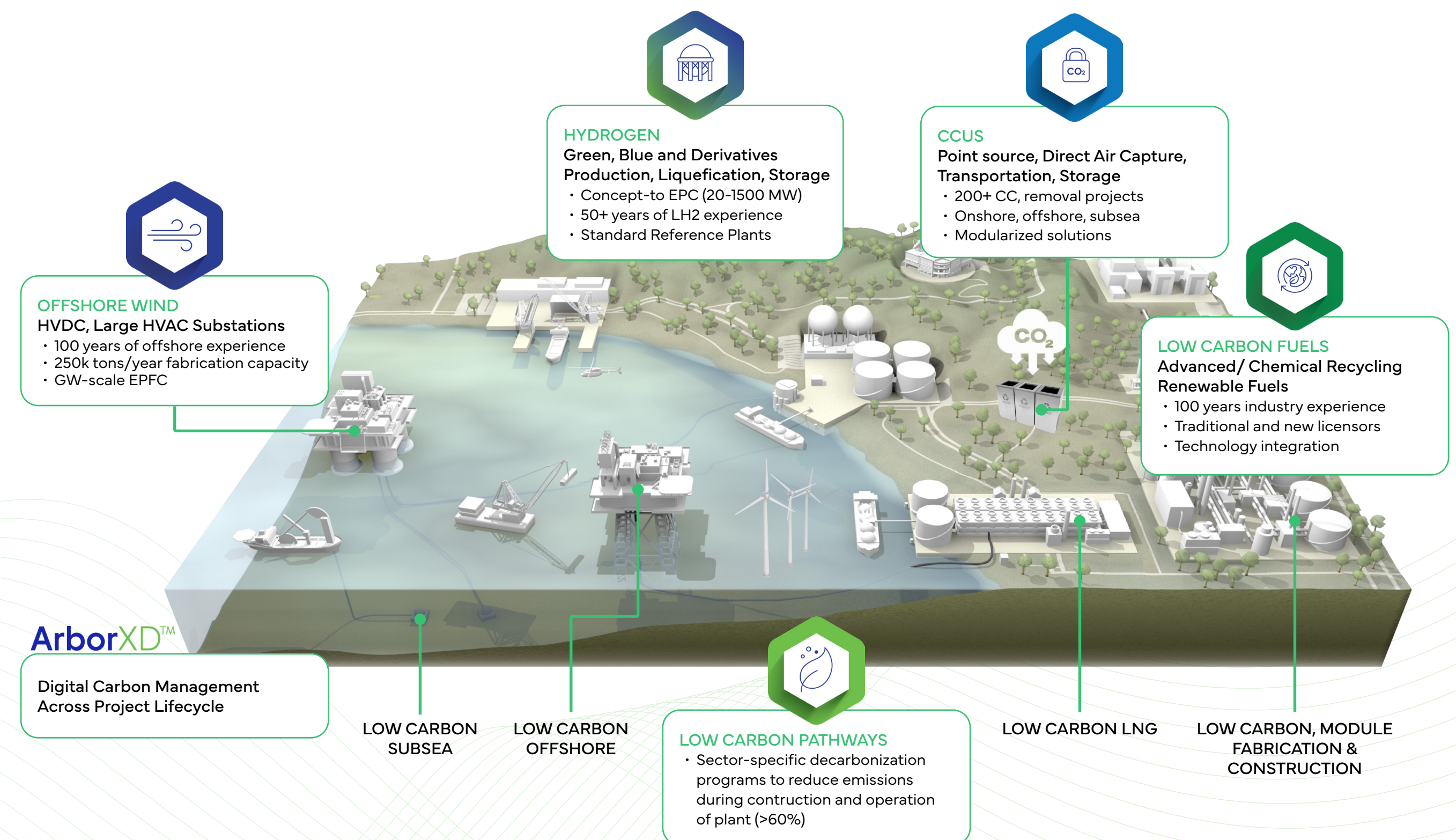
From Concept to Commissioning

In conceiving and delivering these projects, our vertical integration is one of our key differentiators – enabling us to take a project from early feasibility and front-end design, through to a complete operating facility.

We leverage our well-established onshore and offshore construction experience, in-house fabrication capabilities, and modularization expertise – from concept to commissioning – to develop innovative pathways that support customers in the transition to low-carbon energy.

In 2023, we continued supporting developments in:

- Offshore wind electricity transmission
- Blue and green hydrogen production
- Hydrogen storage
- Sustainable aviation fuels
- Decarbonization through carbon capture utilization and storage (CCUS)
- Low-carbon LNG





Offshore Wind



We embarked on two major projects that support TenneT's ability to provide electricity to European markets from windfarms in the German North Sea. In 2023, we initiated fabrication, transportation, and installation support for the topside module of TenneT's BorWin6 980MW high-voltage, direct current (HVDC) project.

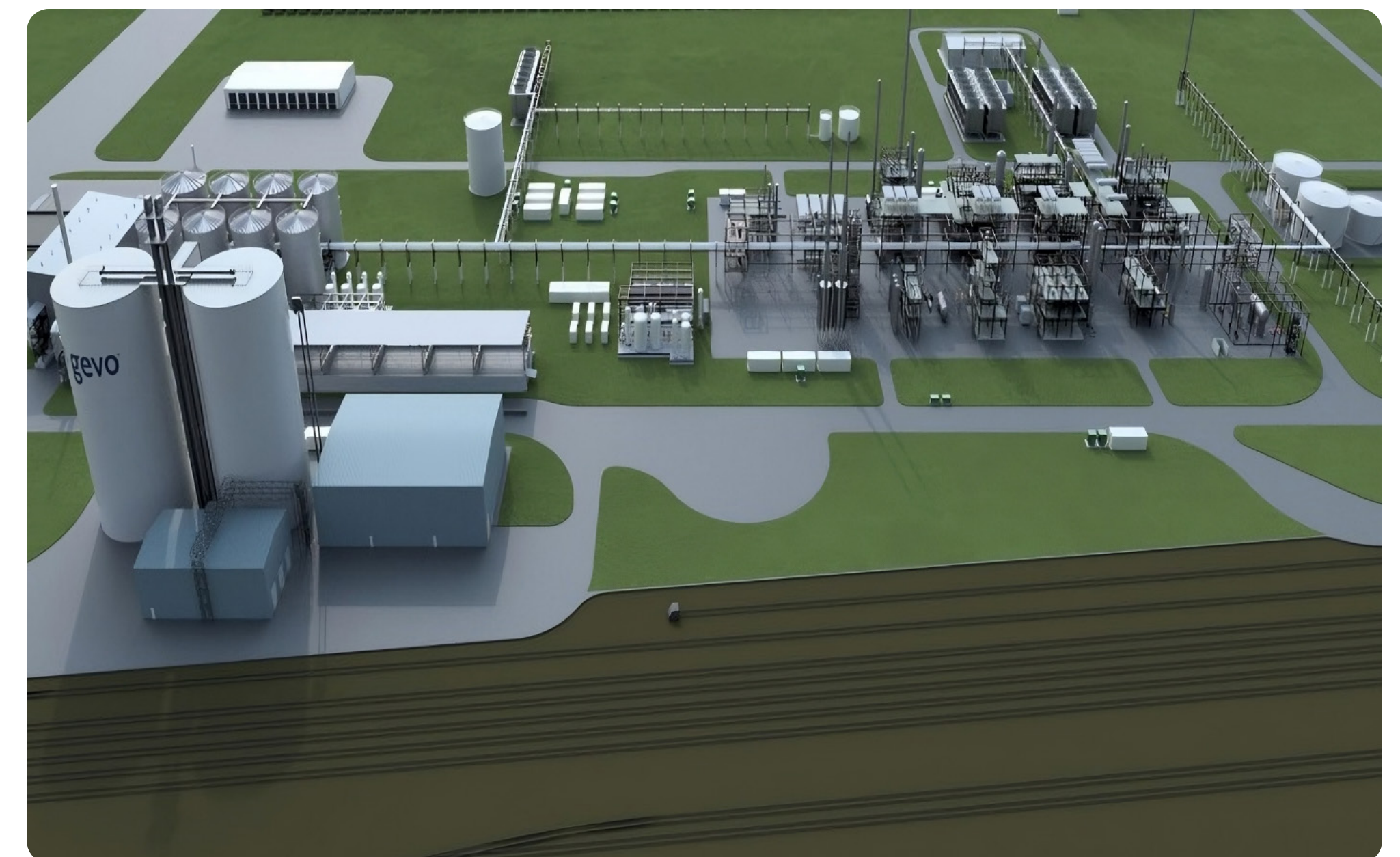
We were also awarded a contract for the engineering, procurement, construction, installation, and commissioning (EPCIC) of TenneT's BalWin4, LanWin1, two offshore HVDC converter substation platforms. These developments will enable TenneT to convert up to 2 gigawatts (GW) of offshore wind-generated electricity as part of its goal to connect 40 GW of offshore wind farms to the high-voltage grids of Northern Europe.

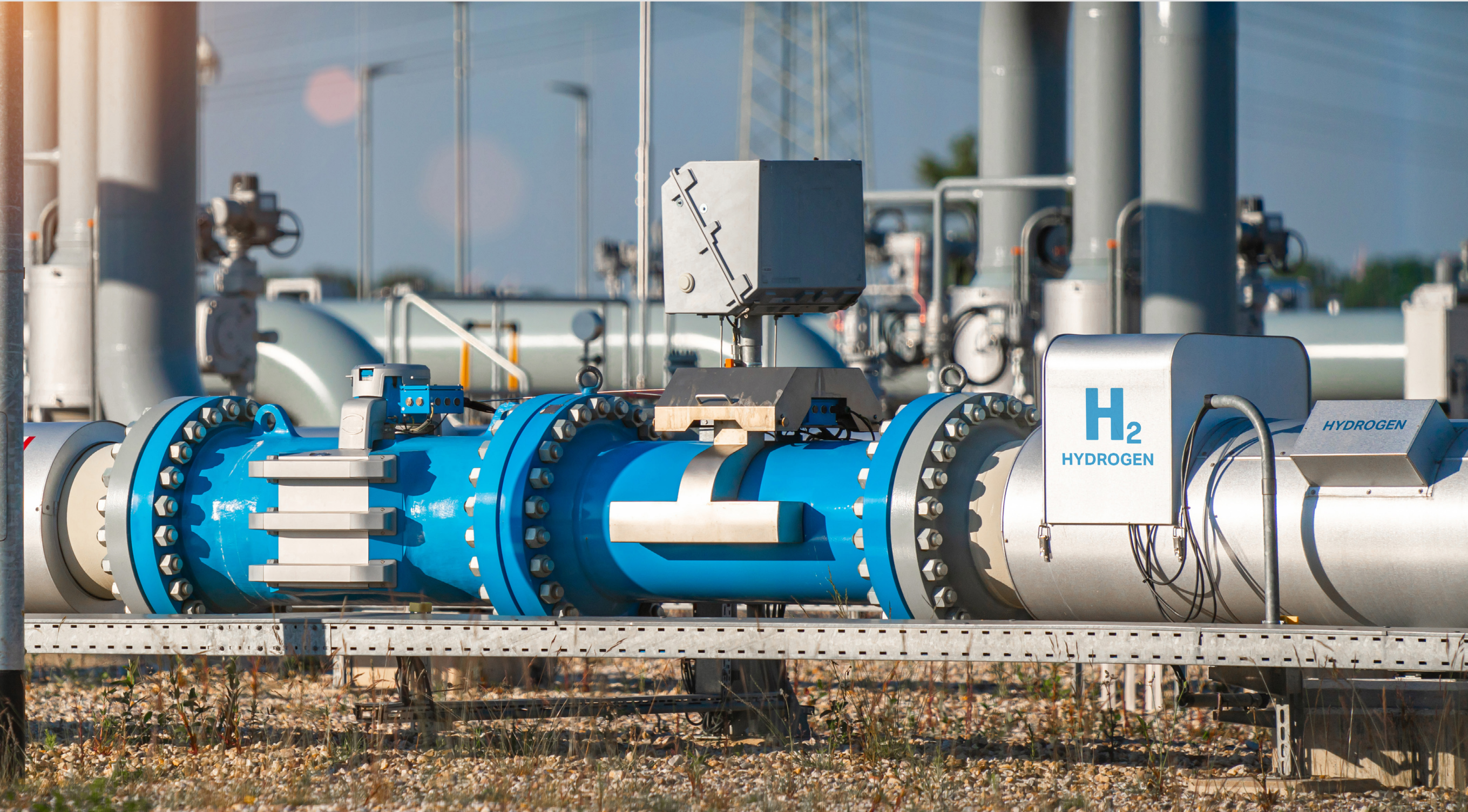
Sustainable Aviation Fuels FEED

Leveraging off our experience in downstream processing facilities, in 2023 we provided front-end engineering design (FEED) services for Gevo, Inc.'s Sustainable Aviation Fuels (SAF) development in North America.

SAF remains critical to decarbonization of aviation, one of the most carbon intensive industries. The circularity of SAF is heavily dependent on feedstock, process employed, and technology.

Once operational, the first of these facilities is expected to produce more than 246,000 cubic meters of SAF, diesel, and renewable gasoline that, when consumed, is expected to have a lifecycle net zero greenhouse gas footprint.





ADVANCES IN GREEN HYDROGEN

We are exploring options for large-scale production of green hydrogen, and have combined our offshore, HVDC, and electrolyzer experience in the design of such a facility. The result was a 500 MW concept including a hydrogen processing platform, a power transformer, supporting services, and a living quarters platform. The dual offshore platforms provide an optimized design for safe operation of the facility.

Offshore hydrogen production is a potential alternative to support decarbonization goals in areas with constrained power grids, and where existing infrastructure can serve as a base to transport hydrogen to a point of consumption. Our knowledge in low-carbon hydrogen, offshore and onshore legacy, and direct deployment expertise provides us with an advantageous position to contribute to the development of this new market and enable an additional avenue to decarbonization.

HYDROGEN STORAGE SOLUTIONS

Our CB&I storage business has received Approval in Principle (AiP) for its design of a liquid hydrogen (LH2) cargo containment system from DNV. The containment system design leverages CB&I's proven vacuum-insulated spherical technology for onshore LH2 storage.

CB&I will also design and build two 500,000 gallons (more than 1,892 m3) double-wall liquid hydrogen spheres for Plug Power Inc.'s new green hydrogen production facility in Genesee County, New York. The production facility, leveraging Plug Power's proton exchange membrane (PEM) electrolyzer technology, is expected to produce 45 metric tons of green liquid hydrogen per day—making it the largest green hydrogen facility in North America.

Progress continues on our demonstration project for the U.S. Department of Energy H2@Scale program, which aims to pilot four renewable hydrogen generation options with vehicle re-fueling and fuel cells to enable cost-effective “full value chain” H2 energy solutions.



Advancing Lower Carbon LNG

ENERGY EFFICIENCY THROUGH DESIGN TO REDUCE OPERATIONAL EMISSIONS

Reducing the operating emissions of the facilities we design and build for our customers remains embedded in our approach from concept through to commissioning.

In designing the Scarborough floating production unit (FPU), we used a hybrid gas-turbine plus battery energy storage power system for the FPU to enable reliable operation of the turbines at higher efficiency, with flexibility to support power generation in case of an emergency or unplanned shutdown.

Combined with use of a waste heat recovery unit, which reduces emissions by reusing waste heat as a main source of heating energy, we anticipate approximately a 15% reduction in annual operating emissions for the FPU.

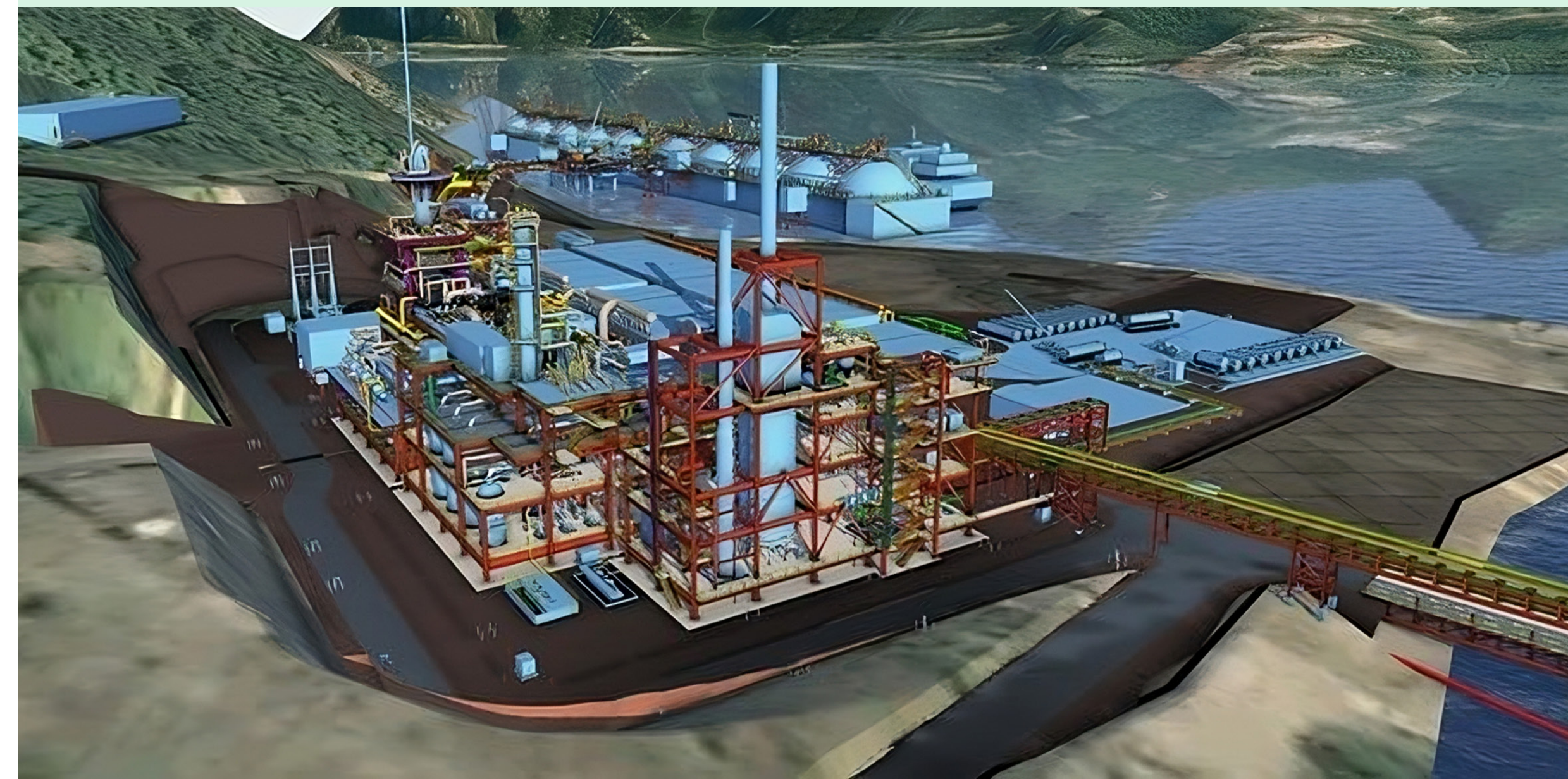


WOODFIBRE LNG

In 2023, we commenced modular fabrication for the Woodfibre LNG project, involving 18 modules totaling 34,359 metric tons (t).

Once operational, the project will produce 2.1 million t of LNG per annum at 86% lower carbon intensity than the industry average, making it the lowest carbon intense LNG facility in the world.

By harnessing the low-carbon gas resources of British Columbia's Montney region to replace coal-fired energy sources in Asia, Woodfibre LNG will reduce global emissions by 3.5 million tonnes of CO2 equivalents (tCO2e) per year.





Smart Modularization

McDermott's advanced knowledge of smart modularization is critical to delivering highly complex, large-scale projects.

Our modularization approach is grounded in having the bulk of construction work done at our owned and operated fabrication yards, in which operating emissions are considerably lower than those at a typical construction site.

By reducing the onsite construction activity, smart modularization can provide a lower carbon EPCI execution option – depending on project specifications, up to 22% lower, based on results from our onshore LNG plant case study.

With our advanced capability in the techniques we apply, we are able to design and build a module and align the process smoothly across our organization through to field erection.

AMMONIA SYNTHESIS

Kellogg, Brown and Root (KBR) and McDermott entered into a Global Licensing Agreement for KBR's proprietary ammonia technologies in August 2022. The agreement accommodates the pursuit of deployments that can take advantage of both KBR technologies' performance and track record as well as McDermott's fabrication capabilities and modularization expertise.

In 2023, together we developed a conceptual design package for a modular execution approach for a clean ammonia plant (Synthesis Loop) based on KBR's technology. Key modularization criteria for the plant include:

- Safe design in mechanical handling and operations and maintenance
- Maximization of pre-commissioning activity at the fabrication yard
- Allocation of equipment and other material to reduce shipping costs
- Commercially available, proven equipment

When compared to traditional execution on site, the modularized concept enables multiple benefits, including a smaller plant footprint, increased schedule certainty, and a lower execution risk profile, improving overall economic viability of the project. Modular solutions are ideal for a phased approach, can be integrated with other modular solutions, and when combined with standardization can generate additional benefits in risk reduction, and improved schedule and cost profiles.



Valuing Our Partnerships

As we strive to develop innovative studies and projects that support McDermott's aspirations in the energy transition, we also rely on our partnerships and collaborations with over 20 organizations from within the energy industry and academia.

For example, our insights into scalable hydrogen projects are supported by our relationship with organizations such as the Hydrogen Council, LONGi, Johnson Matthey (JM) and BW Offshore.

+20

TECHNOLOGY PARTNERSHIPS
SUPPORTING ADVANCES IN
ENERGY TRANSITION

HYDROGEN MODULARIZATION CONCEPT STUDY

We collaborated with JM to develop a modular deployment concept for a 710 MW Low Carbon Hydrogen (LCH™) plant. The concept delivers a modular solution that mitigates risk and can be repeated with minimal changes for multiple projects and locations, while taking into account estimated emissions profiles, cost, and schedule priorities. The modular plant concept also includes a carbon capture storage unit.

Combined with an earlier concept for a modular 355 MW plant, the collaboration with JM provides a flexible and adaptable potential solution based on small ("truckable") and mid-size modules, providing building blocks to deliver plants to a variety of locations globally. The concept modeled deployments for plants in the U.S. Gulf Coast, UK, and Australia, benefiting from our global fabrication footprint in both hemispheres to reduce transportation times and logistical requirements.

