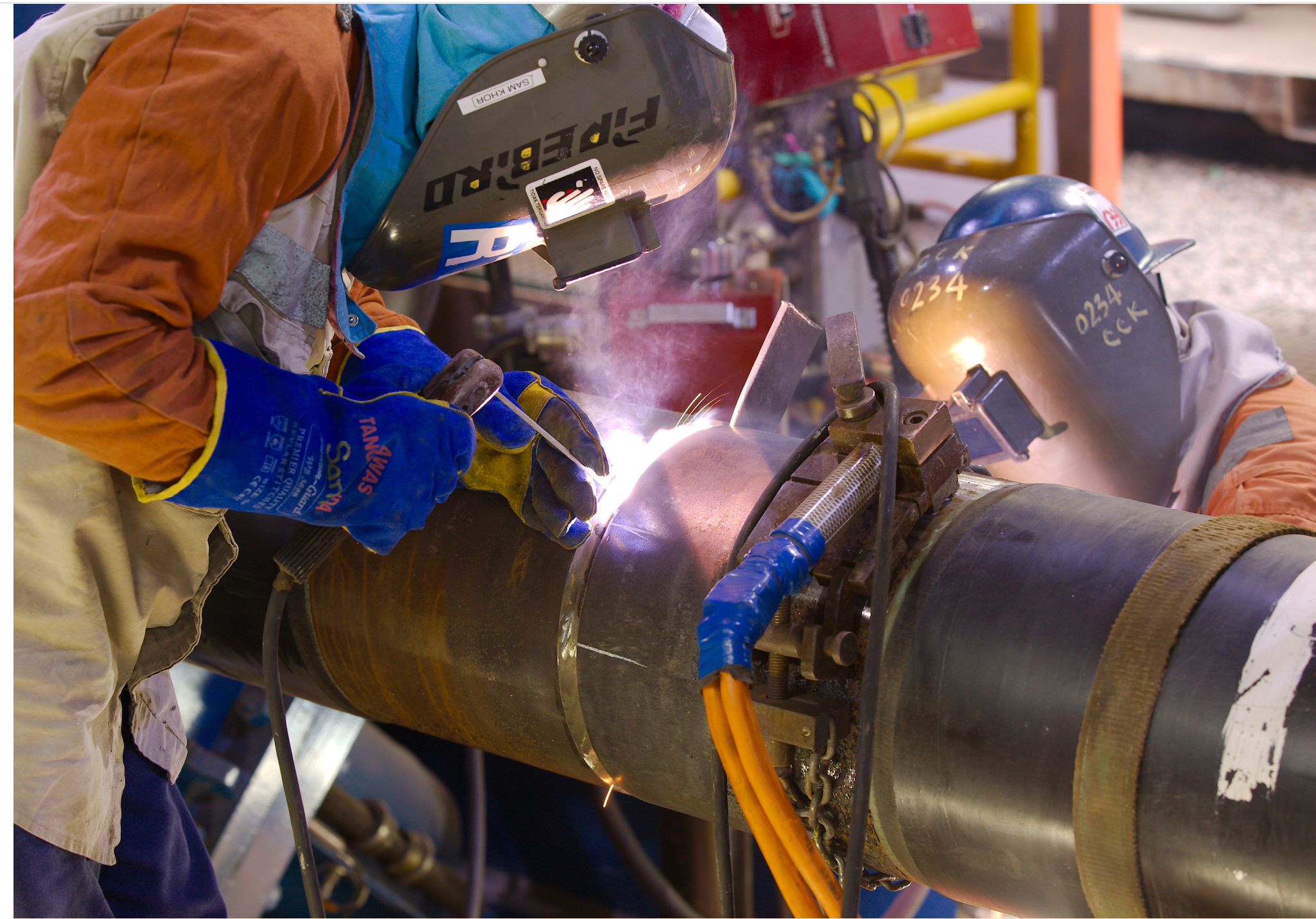
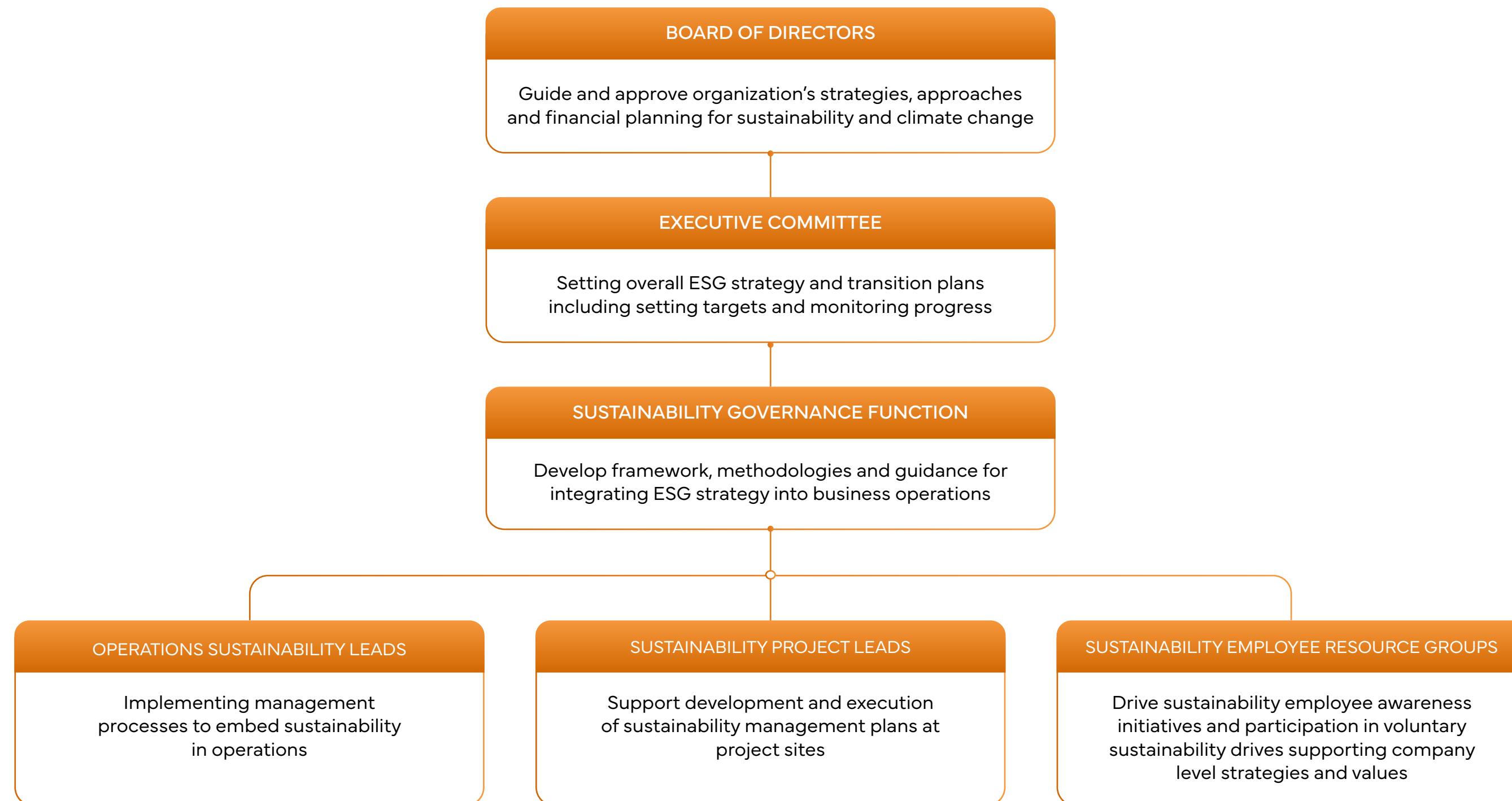




GOVERNANCE

Sustainability Governance

Our dedicated team of Sustainability professionals, with a diverse background in skills and experience, is integrated into our global operations teams, overseeing the management and execution of our sustainability strategy. We track and report environmental, social, and governance (ESG) metrics across all our global sites, with project level quarterly reporting to our Executive Committee to increase accountability for ESG factors such as emissions within project execution.



Risk Management

McDermott's Enterprise Risk Management (ERM) program is aligned with ISO 31000. Our program is designed to identify, assess, and manage enterprise-level risks and review the effectiveness of our risk mitigation strategies.

We maintain a dynamic ERM process to adjust to internal and external developments, drawing upon input from multiple areas of the business and a wide segment of internal subject matter experts.

We work toward year-on-year improvement in aligning our approach with TCFD recommendations. Please see pages 41 to 43 for our TCFD disclosure.

Business Ethics

At the core of our corporate culture sits our value of Integrity, which we consciously and continuously work to improve.

Since 2021, November has been established as our 'One Team for Integrity' month. During the month, all McDermott employees are invited to participate in various activities that enable in-depth conversations on integrity as a team effort, ethical behavior, and awareness around McDermott's Speak Up campaign. The main goal of the month-long program of activities is to help further strengthen a culture where people feel that being part of a company and a workplace that values integrity is a better place to be and work.

A highlight of the One Team for Integrity month is the Annual McDermott Integrity Award, which each year is awarded to three employees who consistently work and lead with integrity. Any employee in the company can nominate a colleague who they believe is an ethical role model, making the awards even more important because the awardees are in fact being recognized by their co-workers rather than by the Compliance team.

Bringing together two of our core values, the One Team for Integrity month is all about building culture, and making our people feel that being in compliance with policies, laws, and our McDermott values is as important and natural as it is to always follow our safety procedures to keep ourselves, our colleagues, and our company out of harm's way.

Olof Arnman

Vice President, Chief Ethics and Compliance Officer



COMPLIANCE TRAINING

Training is a key pillar of our global compliance program. By proactively engaging with our employees to raise awareness around our Integrity value, our ethical standards, and the potential consequences of non-compliance for the company as well as individuals, we reduce the risk of both conscious and inadvertent violations of our Code of Business Conduct.

We recently revamped our annual Ethics and Compliance training program, making mandatory training modules shorter and more engaging, while preserving the key messages we want to convey to employees.

In 2024, we will continue to focus on making our compliance program and processes more visible and accessible to people through increased in-person interaction with leaders and employees and by introducing more efficient and user-friendly means for people to find information about our policies and to speak up about any ethical concerns.

Supplier ESG Screening

The company requires that current and potential suppliers apply due diligence in their own operations. Along with McDermott, suppliers must have zero tolerance for slavery, forced labor, child labor, human trafficking, and other areas of unacceptable conduct.

In 2023, our Supply Chain teams screened eligible suppliers through an Ethics and Compliance pre-qualification process to identify ethical concerns for increased diligence. The pre-qualification process is designed to confirm that suppliers share McDermott's values in their code of conduct, anti-corruption policies, conflict of interest, and other ethical areas. During 2023, we screened more than 1,700 suppliers, and we plan to increase supplier screenings in this coming year.

“We introduced formal ESG screening of our suppliers in the fourth quarter of 2023. If the ESG rating is below a certain threshold, we will advise the buyer that there is a potential problem. So far, we have been pleased with the responsiveness, seeing a clear opportunity to elevate performance”

Don Perez
Director, Procurement

We also assess quality, health, and environmental practices of subcontractors to determine that they have the programs necessary to protect their own employees and those of McDermott. The McDermott team also plans to assess our subcontractors on sustainability and diversity.

Suppliers who are no longer active are required to undergo a compliance rescreening. In 2023, the rescreening involved 7,522 suppliers. For any such supplier to be reactivated, they would need to undergo a compliance rescreening. This improves our overall diligence by requiring suppliers that have not had recent business with McDermott to be screened in the same manner as a new supplier.

1,734
SUPPLIERS' ETHICAL
SCREENINGS CONDUCTED

Cybersecurity and Data Privacy

McDermott is committed to securely protecting electronic records of our customers, third parties, and employees that are created, stored, or transmitted using Company systems.

Data Privacy and Intellectual Property Protection

Specific internal data privacy requirements guide the collection, use, transfer (including international boundaries), release, disclosure, and security of such data. These requirements also describe our expectations for third parties who process such data on our behalf.

Additionally, there is continuous assessment and improvement involving the identification and protection of sensitive information. Intellectual property protection technology is deployed to monitor and prevent sensitive data from being errantly disclosed or stolen from McDermott's systems.

Cybersecurity

We maintain a cyber risk management program designed to identify, assess, manage, mitigate, and respond to protect against cybersecurity threats. The program's underlying controls are based on recognized best practices and standards such as International Organization Standardization (ISO) 27001. We are ISO 27001 certified and have been since 2016. Penetration testing is regularly performed by independent, qualified third parties to validate the implementation of security policies.

We employ a comprehensive security strategy covering all digital assets in collaboration with cyber partners to monitor and maintain the performance and effectiveness of products and services that are deployed within McDermott's environment.

We have a Cybersecurity Operations Center that provides 24/7 monitoring of our global cybersecurity environment and coordinates the investigation and remediation of alerts. We continue to consult with external cyber vendors to monitor the threat landscape and invest in tools and technologies to protect McDermott.



Cybersecurity Awareness and Training

Our cyber awareness program educates all McDermott employees with access to our systems on current cyber threats, equipping them with the skills and habits to protect McDermott's information assets. We do this with blogs, breaking news, situational communications, targeted training, monthly awareness presentations, and assessments. McDermott personnel with high exposure to cyber risk are offered additional security awareness training.

IT operations teams globally promote the Cybersecurity agenda, awareness, and compliance at a local level. This is supported by a central awareness team and program to deliver regular and timely content through such media as email, internal corporate social media channels, and face-to-face sessions using McDermott TechHuts.