

Years

Sustainability Report 2023

MCDERMOTT

About this Report

This report marks our fourth consecutive annual Sustainability Report and provides an overview of our Environmental, Social, and Governance (ESG) strategies for managing risks, opportunities, and our performance measured against stated ESG goals and targets.

Our ESG targets are based on the United Nations Guiding Principles, industry best practices, materiality, and our business strategy. We continue to review our approach in response to changing regulatory landscapes and evolving demands to ensure we support a just transition and ensure people have continuing access to energy resources.

Reporting Period

January 1, 2023 – December 31, 2023 (unless otherwise noted)

Report Boundaries

Our 2023 Sustainability Report covers activities under direct operational control of McDermott International, Ltd., including our headquarters in Houston, Texas, USA.

All financial data is presented in U.S. dollars (unless otherwise noted).

Questions or Feedback

We welcome your feedback and questions about our ESG strategy and performance. Please direct them to: sustainability@mcdermott.com.

Imagery

Some of the images used in this report are artistic impressions.

Reporting Methodologies and Frameworks

McDermott referenced the following international and industry best practices and ESG frameworks, as applicable, to develop this report:

- Global Reporting Initiative (GRI) Standards
- Task Force on Climate-Related Financial Disclosures (TCFD) framework
- Value Reporting Foundation’s Sustainability Accounting Standards Board (SASB) Infrastructure – Engineering & Construction Services (IF-EN) metrics
- United Nations Sustainable Development Goals (UNSDGs)
- International Petroleum Industry Environmental Conservation Association (IPIECA)
- International Association of Oil & Gas Producers (IOGP)
- American Petroleum Institute (API) sustainability reporting guidance

Assurance and Review

We continue to trust our Internal Audit and Financial Reporting teams for review of information and data contained in this report as we explore third-party assurance options for our future reports.

Additional Information

McDermott cautions that statements in this communication which are forward-looking, and provide other than historical information, involve risks, contingencies, and uncertainties that may impact McDermott’s actual results of operations. These forward-looking statements include, among other things, statements about McDermott’s sustainability plans and targets and the associated timing to achieve those targets. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. Those statements are made by using various underlying assumptions and are subject to numerous risks, contingencies, and uncertainties, including, among others: adverse changes in the markets in which we operate or credit or capital markets; our inability to successfully execute on contracts in backlog; changes in project design or schedules; the availability of qualified personnel; changes in the terms, scope or timing of contracts, contract cancellations, change orders, and other modifications and actions by our customers and other business counterparties; changes in industry norms; actions by lenders and other creditors of McDermott and adverse outcomes in legal or other dispute resolution proceedings. If one or more of these risks materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected. This communication reflects management’s views as of the date hereof. Except to the extent required by applicable law, McDermott undertakes no obligation to update or revise any forward-looking statement.

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OUR PATH



A Message to Our Stakeholders

We are proud to present our 2023 report and what we have accomplished and learned during the past year. A century ago, McDermott's founders set out to advance the energy industry through delivery of innovative solutions. Today, we continue to design and deliver some of the world's most complex energy projects. We are committed to project excellence, responsible business, and supporting energy transition.

Our Approach to Sustainability

Our environmental, social, and governance (ESG) activities include reducing the operational emissions of our own facilities and of those we design and build for customers. We also contribute to social, economic, and institutional development in host countries, creating local opportunities through meaningful and impactful social investment projects. We are committed to continuous improvement, and regularly assess and refine our strategic ESG goals and programs.

**Scope 1 and 2 GHG emissions, versus target 50% by 2030 and NetZero by 2050*

Our Progress

In 2023, driven by our experienced and resourceful workforce, we achieved significant successes, including industry-leading safety performance, a 23% reduction in greenhouse gas (GHG) emissions*, and improved operational efficiencies with the adoption of renewable energy, onsite solar power generation, and digital technologies.

We introduced a climate risk management framework to identify risks and guide specific mitigations and year-on-year improvements. And, as part of our commitment to ESG reporting, we made our second CDP submission.

We also advanced energy security through our work in support of offshore wind generation and liquefied natural gas production. We collaborated with a range of partners to assess low-carbon pathways – including hydrogen and carbon capture storage and utilization – addressing the challenge of scaling up production while minimizing environmental impact.

With 31,494 employees representing over 100 nationalities, we aim to be an employer of choice with benefits, training programs, and career planning opportunities that support our people's diverse talents and continue our strong corporate culture. In 2023, we also continued well-being initiatives in our offices and project sites to support both mental and physical health.

Our Report

This report reflects our dedication to reporting and our development of the organizational know-how, spirit, discipline, and skills needed to support responsible business, operational excellence, and the transition to a lower carbon future.

Michael McKelvy,
President and Chief Executive Officer

Rachel Clingman,
*Executive Vice President,
Sustainability and Governance*

2023 Sustainability Highlights

AWARDED OUR LARGEST RENEWABLE ENERGY PROJECT WITH A TOTAL **TRANSMISSION CAPACITY**

4GW

ENGINEERING A NET ZERO 1 FACILITY **SUSTAINABLE AVIATION FUEL AND RENEWABLE GASOLINE**

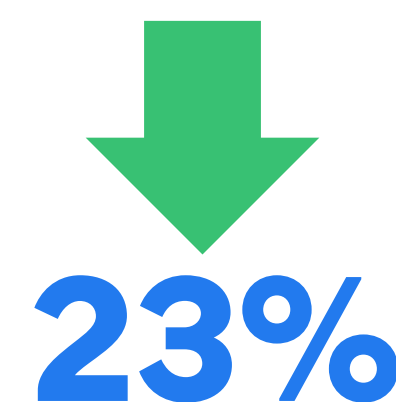


BUILDING THE WORLD'S **LOWEST CARBON INTENSE LNG FACILITY**

0.04 tCO2
per t LNG

DESIGNED A FLOATING PRODUCTION UNIT WITH **BATTERY ENERGY STORAGE SYSTEM** TO REDUCE EMISSIONS

PERFORMED **100% HUMAN RIGHTS DUE DILIGENCE** OF SIGNIFICANT SITES*



REDUCTION IN SCOPE 1 AND SCOPE 2 GHG EMISSIONS
vs target 50% by 2030 and NetZero by 2050



77%

OF OUR GRID-SOURCED ELECTRICITY CAME FROM RENEWABLE SOURCES



73%

SOLID WASTE DIVERTED FROM LANDFILL vs target 50% by 2030

16,691 m3

WATER REUSED IN OUR OPERATIONS

100%

COMPLETION RATE OF ASSIGNED **TRAINING ON THE PREVENTION OF FORCED LABOR**

ESTABLISHED A **DIVERSITY COUNCIL**

0.07
TOTAL RECORDABLE INCIDENT RATE

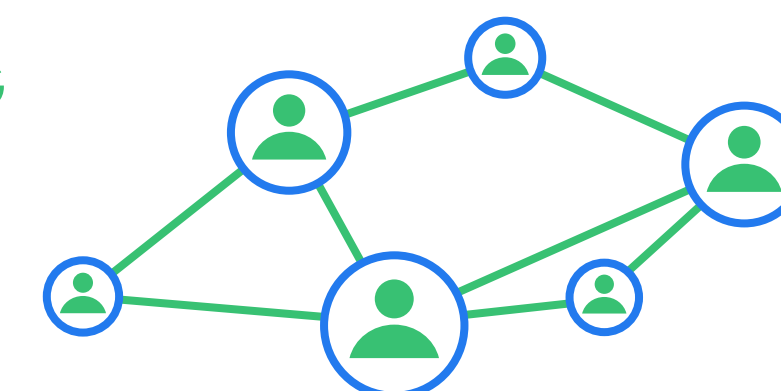


ACHIEVED OVERALL RATE OF **4.34/5** IN OUR GLOBAL EMPLOYEE SURVEY



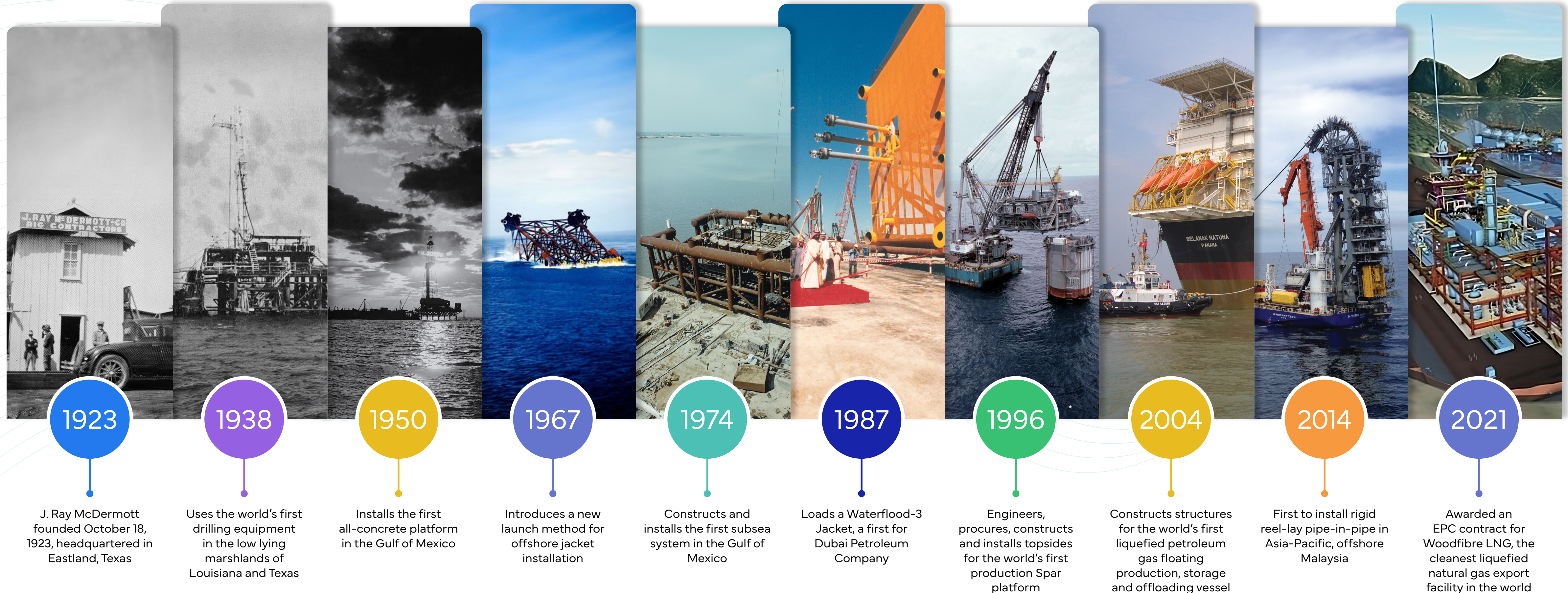
RECEIVED NATIONAL RECOGNITION FOR OUR LOCAL CONTENT SKILLING EFFORTS IN UGANDA

ESG SCREENING **1,734** SUPPLIERS



*Significant sites are categorized as yards and sites executing \$1 billion USD or more in project value and include Batam Fabrication Yard (Indonesia), Jebel Ali Fabrication Yard (United Arab Emirates), Altamira Fabrication Yard (Mexico), Qatar Fabrication Yard (Qatar), Qingdao McDermott Wuchuan (QMW) Fabrication Yard (China), Tilenga project site (Uganda), Golden Pass LNG project site (Texas), and Mozambique LNG project site (Mozambique)

100 Years of McDermott History



Our Vision for the Next Century

A Conversation with Rachel Clingman, our Executive Vice President, Sustainability and Governance



Q: What has McDermott learned over the past 100 years that is especially relevant today?

A: Resilience and innovation. Collaborative resilience and innovative spirit have driven McDermott’s success over the past 100 years. We are so proud of our dedicated, creative, and resourceful workforce that has adapted to change and challenges and continued to devise better ways to operate and perform.

We have learned through adversity and continued to be focused on successful project delivery, positioning ourselves for a great future with a strong culture and ESG values.

Q: How will McDermott prosper and adapt, embracing sustainability and coping with change?

A: I am confident we will remain very customer-focused and competitive. We embrace our customer’s ESG goals and have embedded professionals throughout our operations to continue to guide customers to new technologies and innovative solutions to safely and efficiently deliver the energy the world needs.

Our design, front-end engineering design (FEED) and engineering, procurement, construction, and installation (EPCI) work in energy transition continues to grow, building on our expertise in offshore construction, onshore fabrication, and energy markets across the globe. From offshore wind to carbon capture projects, we will play a significant role in achieving our customer’s renewable energy commitments.

And we will preserve a high level of discipline, one of the attributes that has helped us to excel over the past 100 years.

Q: What differentiates McDermott?

A: We have the advantage of being one of the few fully integrated global EPCI contractors – from our fabrication yards

and our engineering capability to our advanced marine fleet. There are very few EPCI companies in the world with this combination of assets and experience. From a sustainability perspective, this enables us to influence ESG factors, such as emissions, across the value chain.

We also have strong social responsibility programs, which help improve the quality of life in our local communities.

Q: How is McDermott focusing on reducing its carbon footprint?

A: One immediate focus is identifying opportunities to reduce the operating carbon intensity of our assets. This includes implementing measures to further reduce emissions through the use of renewable energy including onsite solar generation at our fabrication sites, which remain at the heart of EPCI project delivery and critical to supporting energy developments such as offshore wind.

Equally, we continue our focus on driving efficiencies in our operations through the use of digital platforms to monitor asset utilization and fuel consumption of our equipment, machinery and marine vessels.

MATERIALITY AND STAKEHOLDER ENGAGEMENT



Materiality

Materiality is an essential component of our sustainability program, and guides the transparency with which we report our ESG goals and expectations to our customers and other stakeholders.

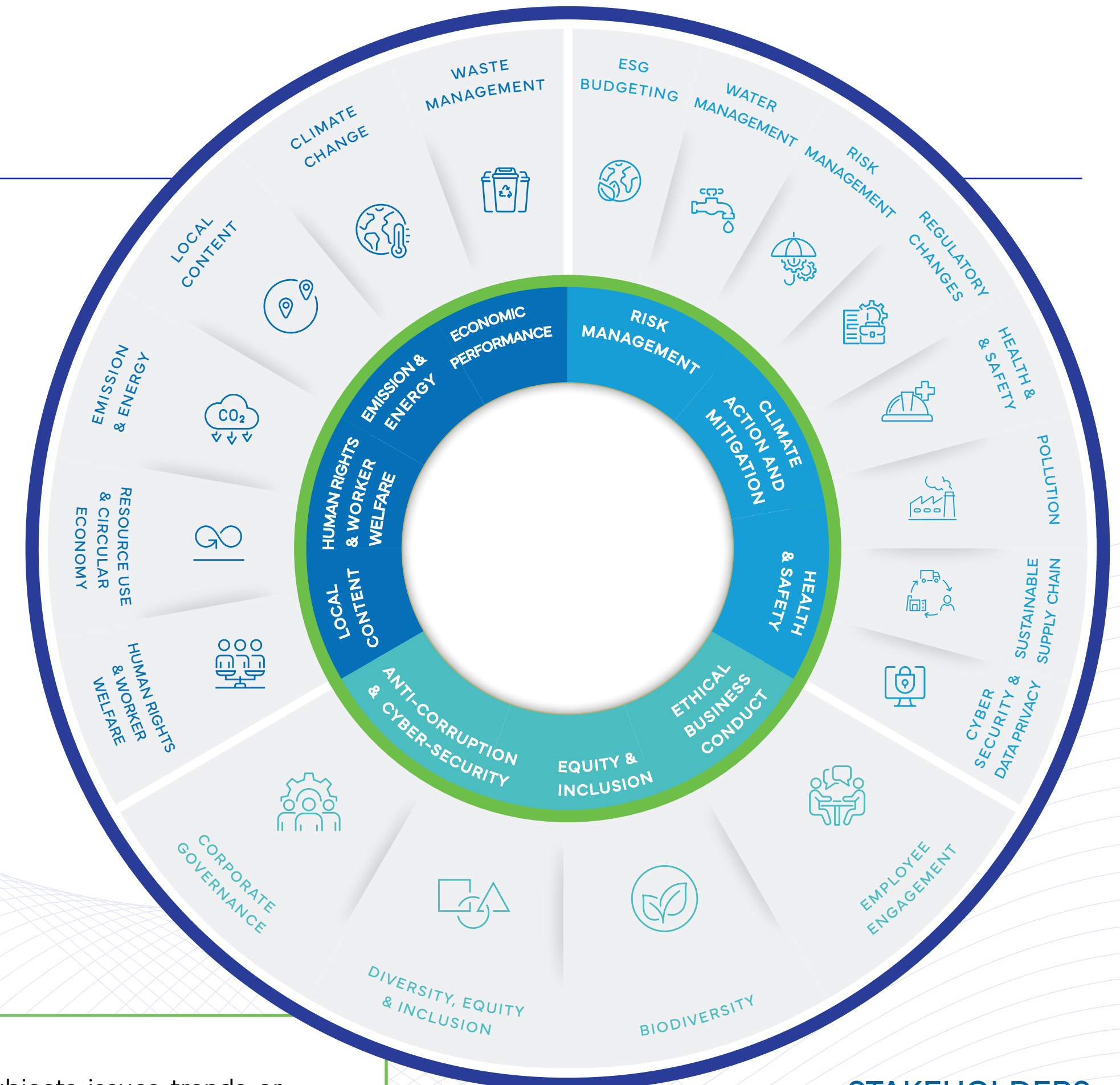
In 2023, we conducted a formal materiality assessment to identify current ESG priorities, risks, opportunities, and emerging issues as a basis for reporting on material issues.

Materiality Assessment Methodology

We back our materiality assessment results with additional sources of information, such as customer priorities and external rating platforms, to ensure their clarity and relevance.

McDermott's ESG data is disclosed on various external platforms that score our performance, providing insights into our strengths and weaknesses. We use these to identify areas for improvement.

All these sources of information guide our materiality issue prioritization as shown in the diagram here.



● **Critical** includes matters, issues, or activities of utmost importance and require immediate attention. These are considered essential for the company's achievement of goals and well-being.

● **Significant** includes subject matters or issues that hold importance and have a notable impact on objectives or outcomes. These are substantial and contribute significantly to the overall success or failure of goals. They might not be as urgent as critical tasks but are still crucial for achieving long-term success.

● **Emerging** includes subjects, issues, trends, or situations that are gaining importance and may have a material impact in the future. Monitoring and addressing emerging issues early can help the company stay proactive and better prepare for the future.

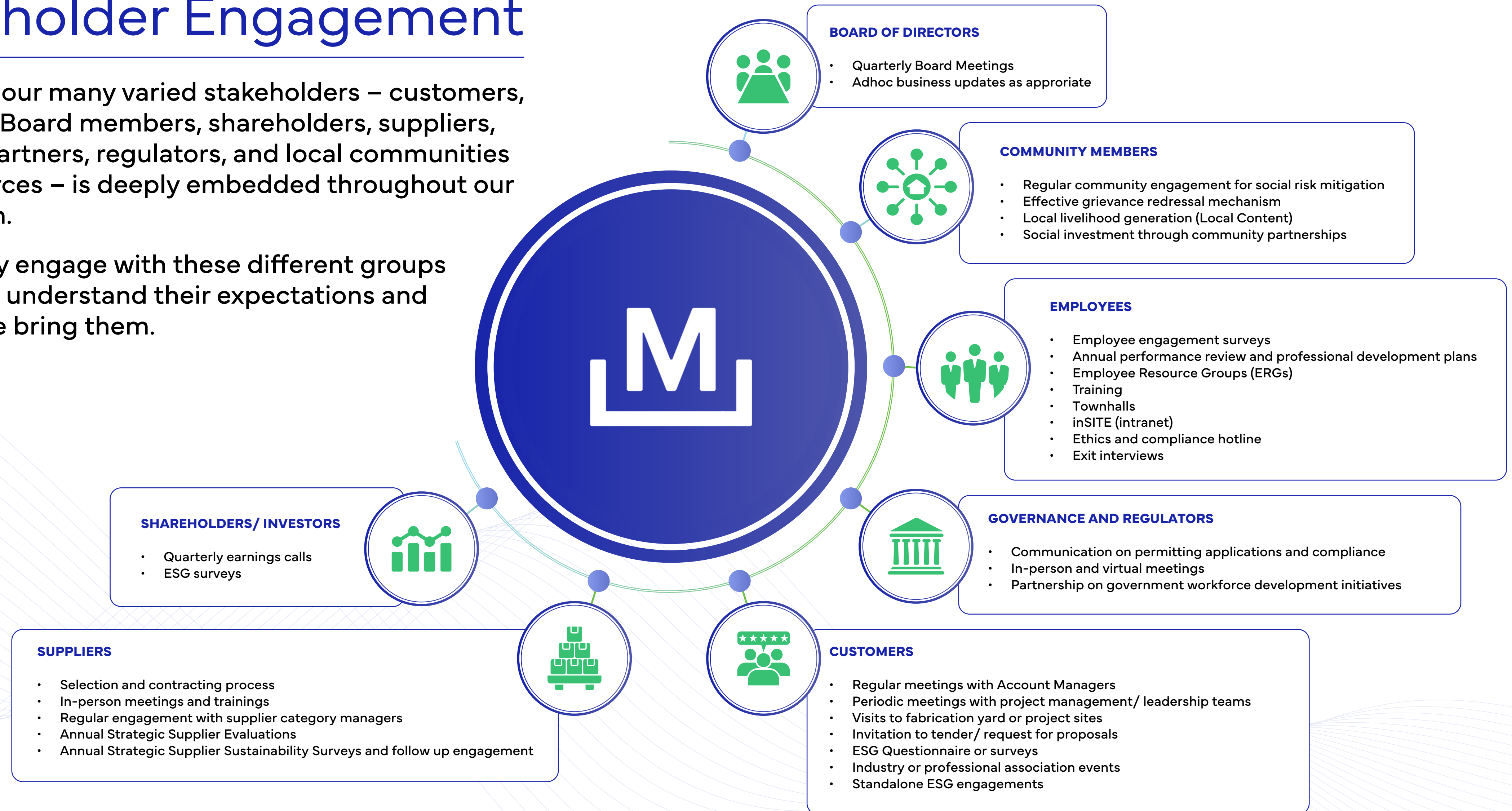
STAKEHOLDERS

- MCDERMOTT
- CLIENTS

Stakeholder Engagement

Respect for our many varied stakeholders – customers, employees, Board members, shareholders, suppliers, academic partners, regulators, and local communities and workforces – is deeply embedded throughout our organization.

We regularly engage with these different groups to learn and understand their expectations and the value we bring them.



LEADING WITH SAFETY



Our Safety Performance

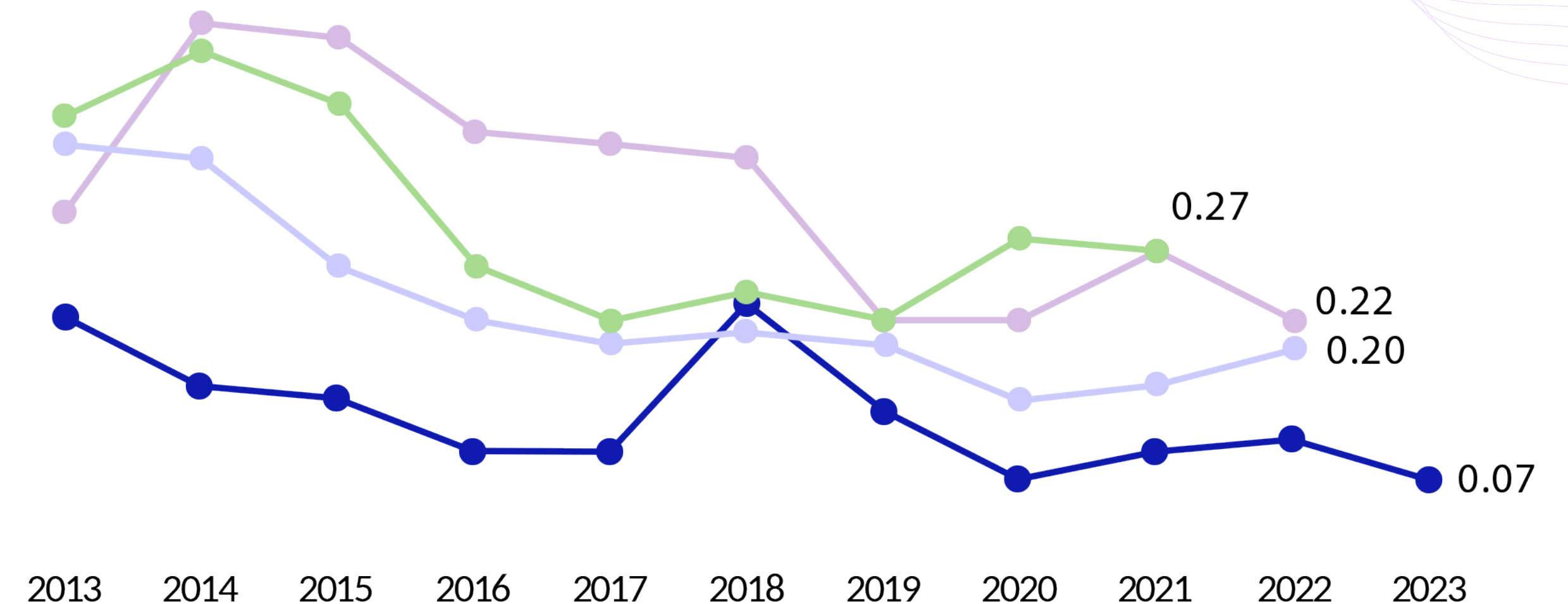
At McDermott, we pride ourselves on being an industry leader in safety performance. Our exemplary safety performance is grounded in our leadership's active focus on safe operations and our employees' continued diligence and accountability for their own and each other's safety.

We finished with a Total Recordable Incident Rate (TRIR) of 0.07 and a Lost Time Incident Rate (LTIR) of 0.01 across more than 117 million work hours, including the performance of our subcontractors. Our TRIR and LTIR rates are industry leading – and demonstrate our commitment to year-on-year improvement in safety. We met or exceeded our targets on leading indicators, including training, near miss incident reviews, incident action close out, and health and well-being programs.

Our strong safety performance was driven by effective processes, tools, and programs through which our employees identify and mitigate unsafe acts and conditions before they lead to an incident. One of our most important tools is our Stop Work Obligation (SWO) program, which requires every team member to stop and reassess a task with perceived conditions and/or behaviors that might pose a danger to people, environment, equipment, or reputation. During 2023, over 1,600 SWO interventions were reported globally and prevented potential undesirable events from occurring.

“Employees are required to stop work if anything is seen as—or could potentially be—unsafe. And they now have digital tools that make it easier to provide feedback.”

Shirlie Macatangay
Vice President, Quality, Health, Safety,
Environment & Security (QHSES)



A Focus on Continuous Improvement

Reinforcing Positive Behaviors

STRIVE reinforces our focus on leading indicators that serve as our mechanism to make data-driven decisions to cultivate a proactive culture of safety that prevents incidents while promoting continuous improvement in all aspects of workplace health and well-being and preventing potentially undesirable events from occurring.



Health and Well-being

In 2023, we reinforced our focus on supporting the health and well-being of our people. Guided by a newly formed Health and Well-being Advocacy Council (HWAC), McDermott provided additional tailored health programs and resources for our employees. These new initiatives will complement our robust benefits program and emphasize our commitment to a positive health culture.

Our THRIVE initiative provides resources and support in five areas of well-being—mental, emotional, financial, social, and physical. In 2023, the company strengthened a global campaign for mental health and placed a significant focus on suicide prevention. The campaign featured an awareness initiative during Construction Safety Week, which included group activities, toolbox talks, assessments, and employee recognition. We also developed global training for supervisors, managers, and entry-level employees on mental health, which we will begin to implement in 2024.

We also have a strong focus on mental health awareness and effective programs.

THRIVE will continue to serve as the foundation for health and wellbeing with HWAC and related programs strengthening the objectives of THRIVE.

HEALTH AND WELL-BEING ADVOCACY COUNCIL

Our HWAC brings together global leaders from across the business, including QHSES, Human Resources, Communications, Benefits, and Governance, with company physicians to design and provide health education and resources for our employees. The Council works with our Benefits team to plan and deliver health factsheets and resources throughout the year.

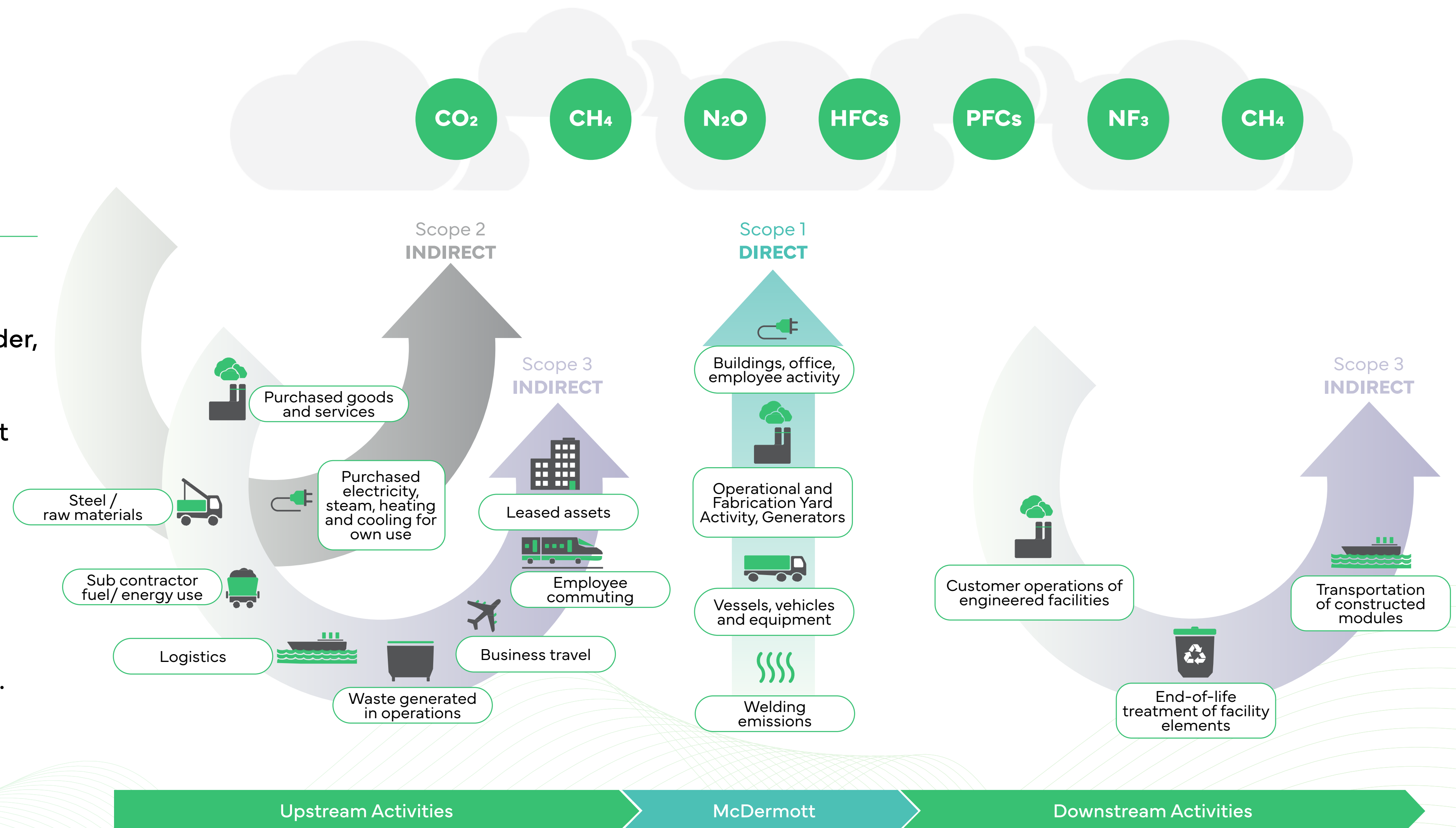
A major goal of the Council is to provide the organization with a well-being strategy. The Council’s initial focus was on cardiovascular disease, the leading cause of death globally. Our aim is to help prevent and reduce risk by educating employees on the top five most interrelated cardiovascular risk conditions: obesity, hypertension, diabetes, inactivity, and heart health.

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

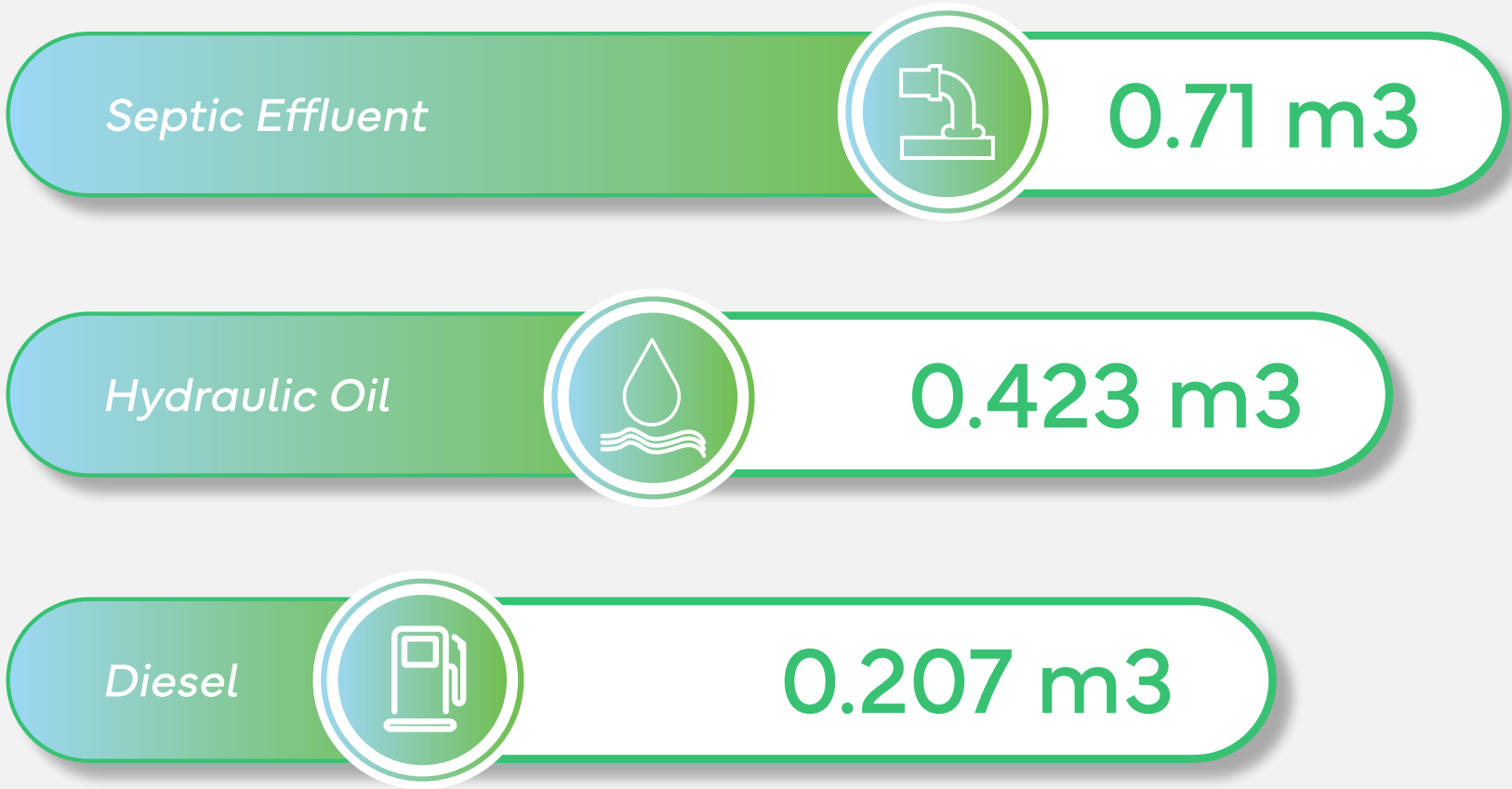
- Divert waste from landfill

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.

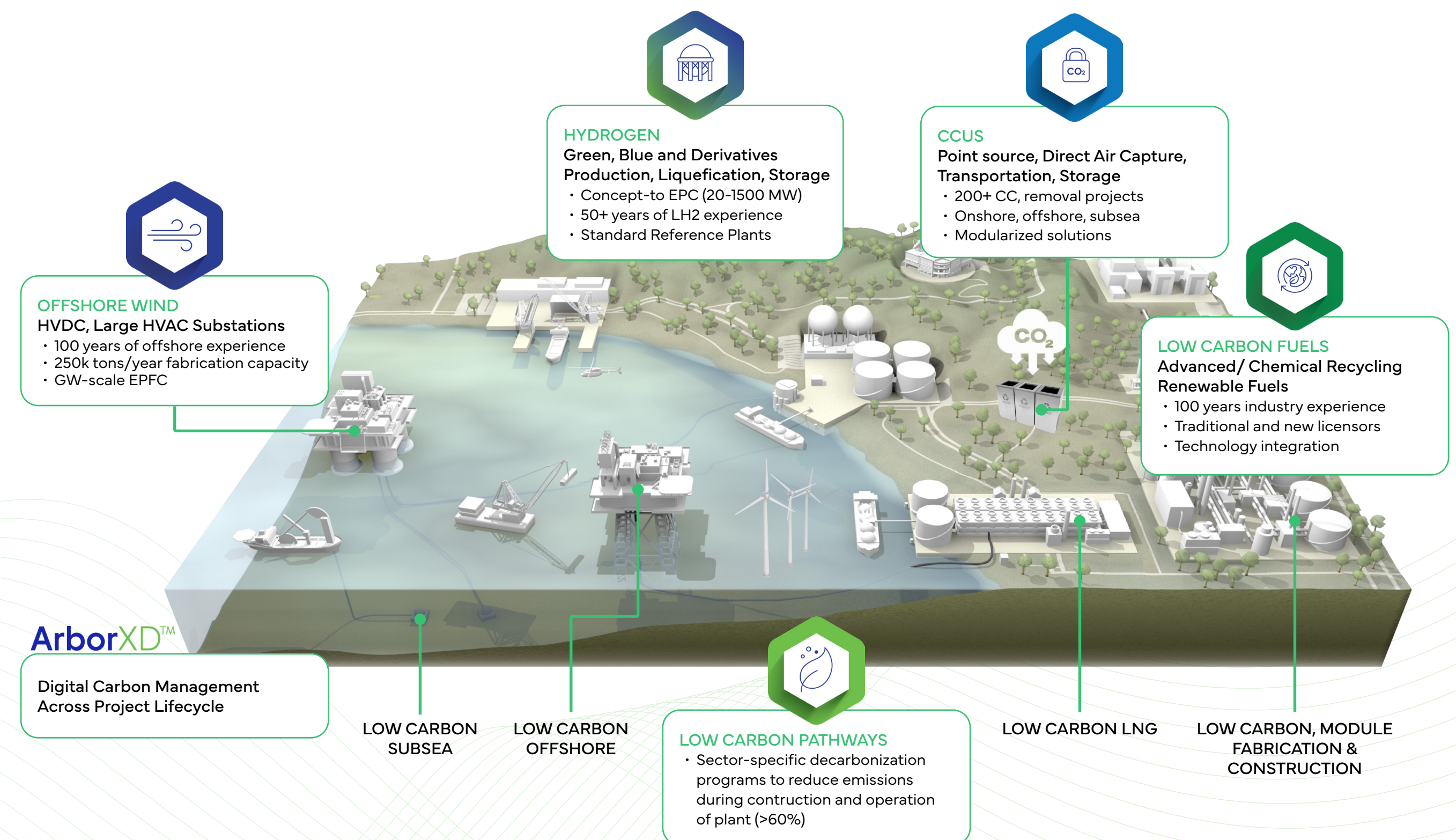
From Concept to Commissioning

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.

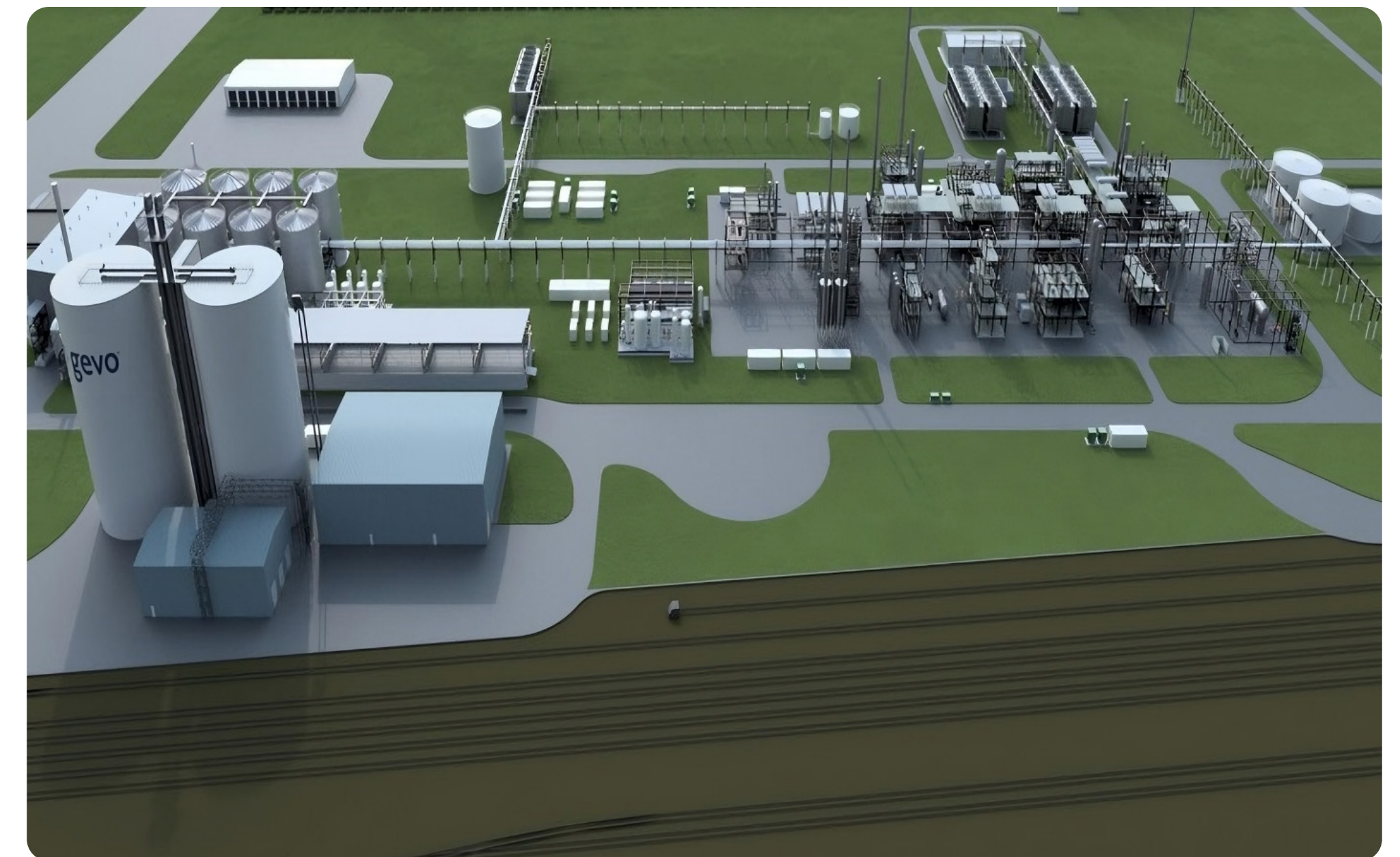
We were also awarded a contract for the engineering, procurement, construction, installation, and commissioning (EPCIC) of TenneT's BalWin4, LanWin1, two offshore HVDC converter substation platforms. These developments will enable TenneT to convert up to 2 gigawatts (GW) of offshore wind-generated electricity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

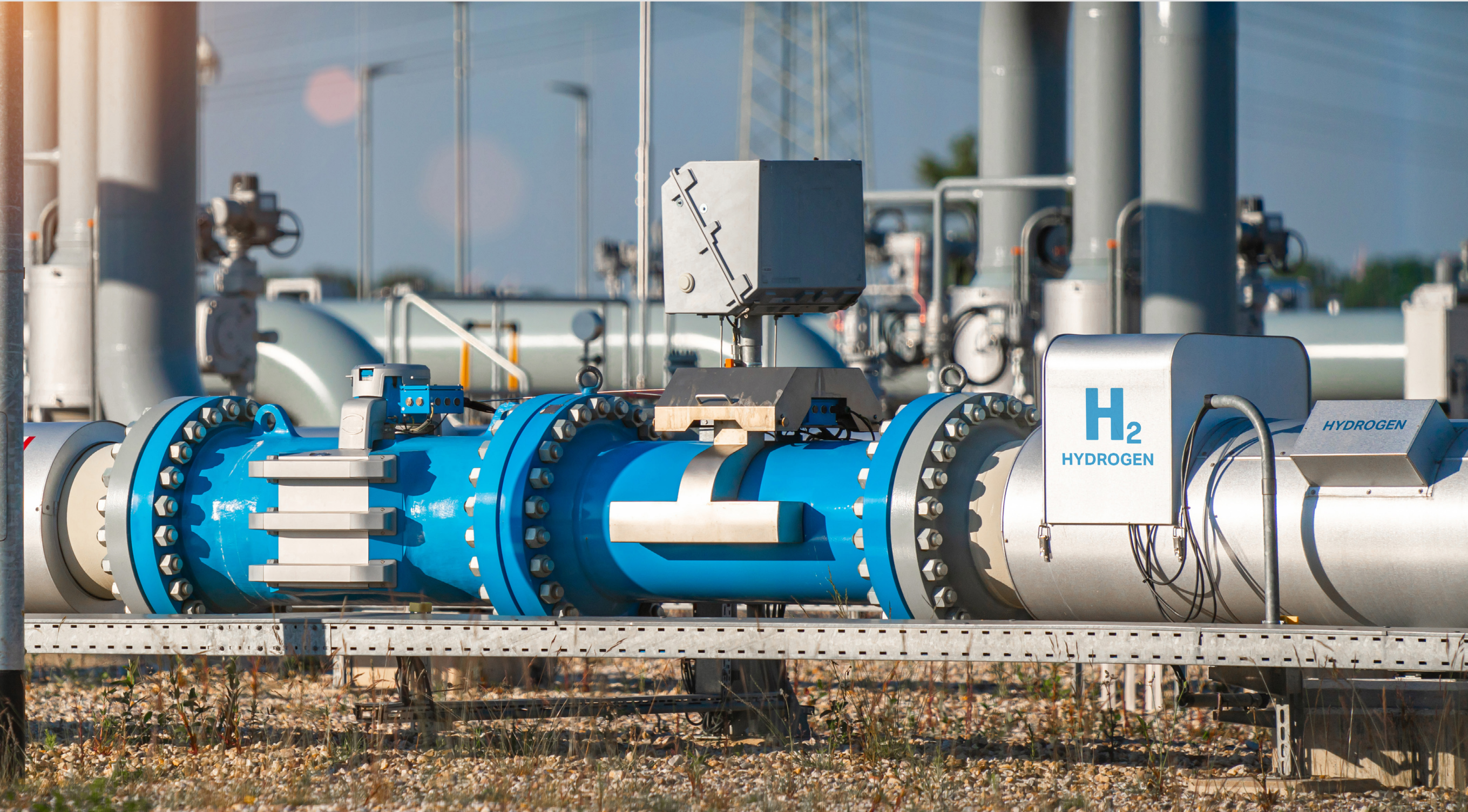
Sustainable Aviation Fuels FEED

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.



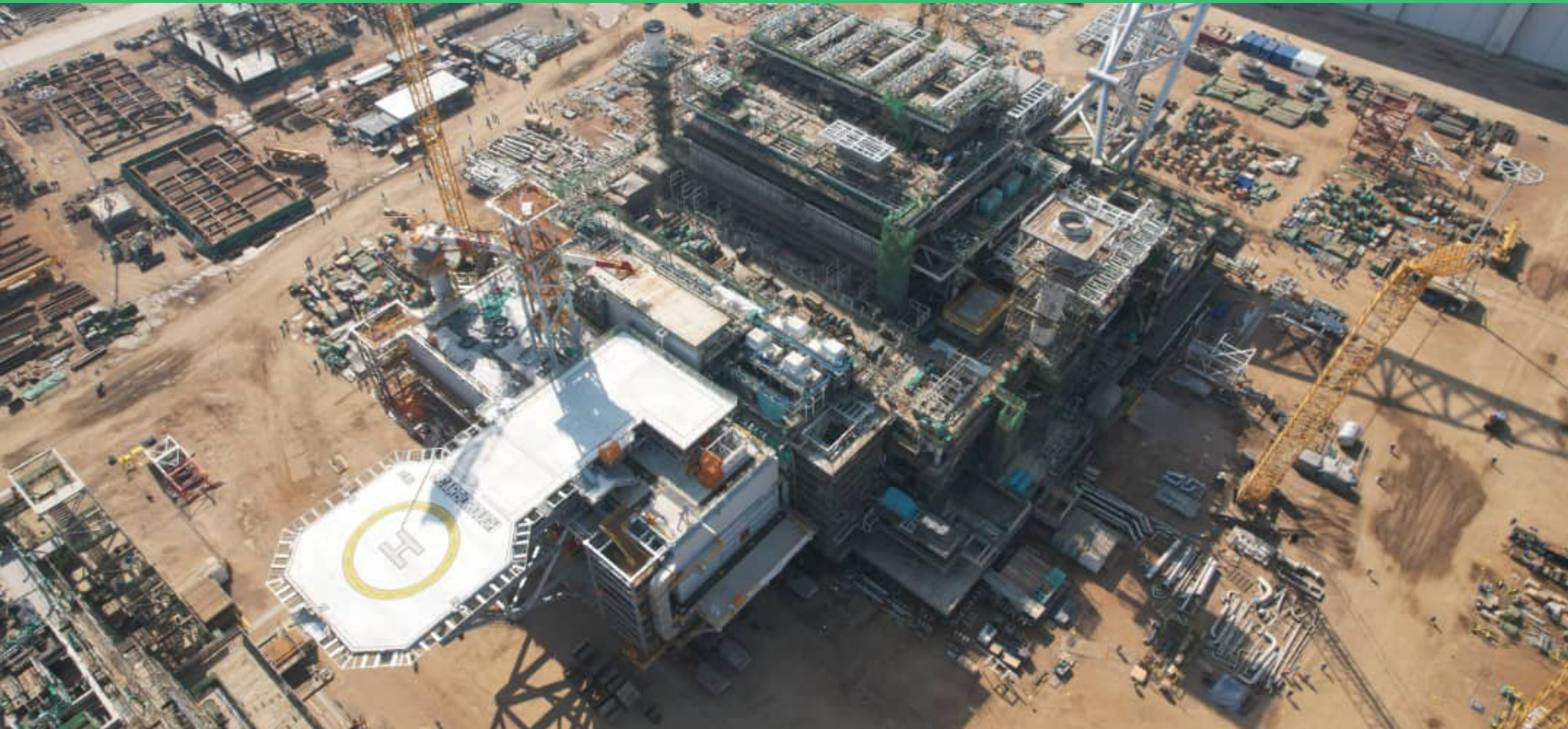
Advancing Lower Carbon LNG

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.

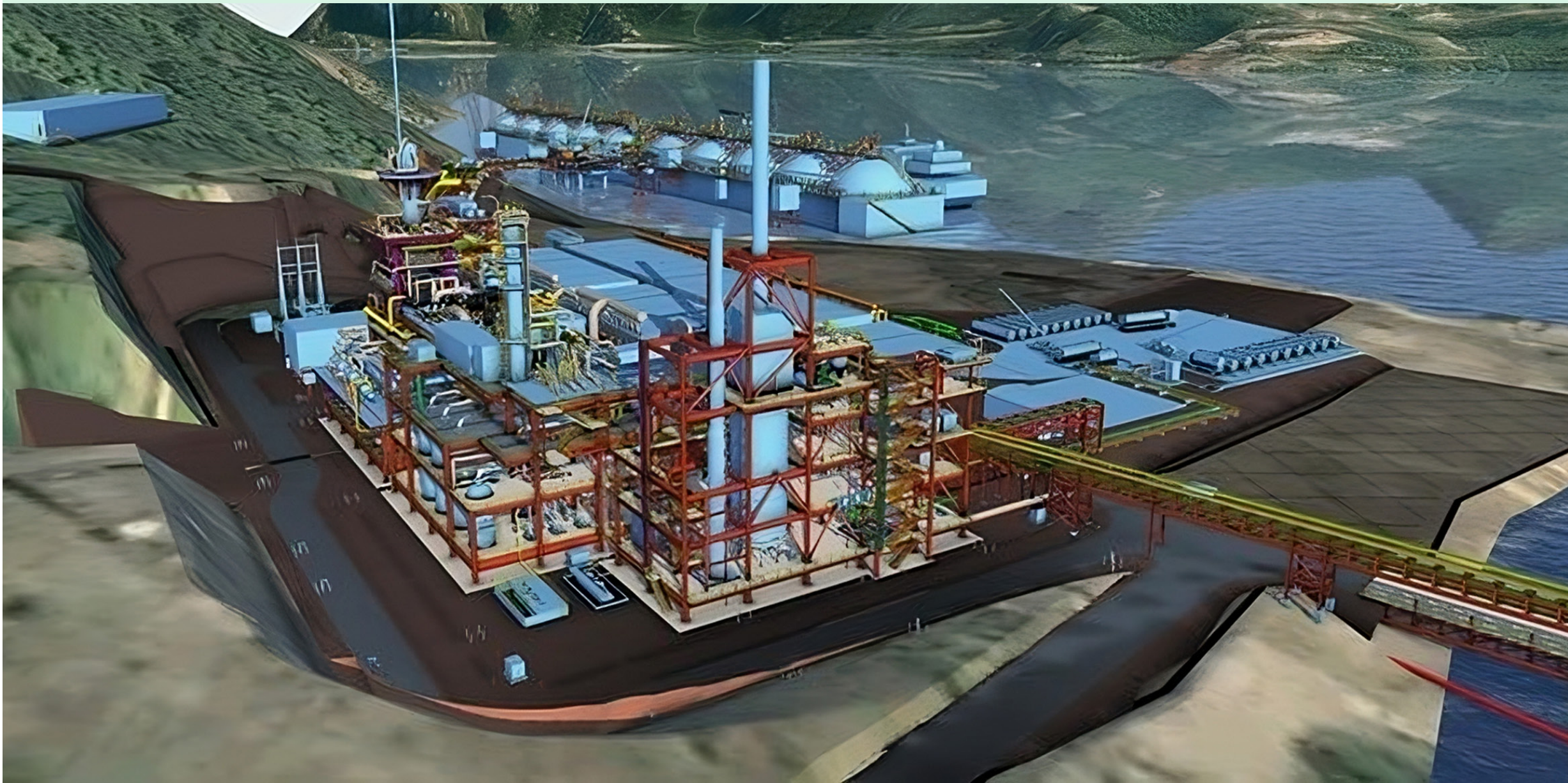


WOODFIBRE LNG

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.



PEOPLE



Our Workforce

At McDermott, we recognize the pivotal role our diverse and talented workforce plays in driving our business forward.

In 2023, our global headcount surpassed 31,000 employees, up from 27,680 in the previous year. Our workforce also continues to reflect a dynamic mix of age demographics and representation from over 100 nationalities.

Recruitment and Onboarding

In 2023, we bolstered recruitment efforts by refining job postings and simplifying the hiring process. We also re-launched our global internship program, which has succeeded in attracting talent to our company. Our onboarding process was streamlined for consistency across our office locations and now includes a buddy program and 30/60/90-day engagement activities helping new starters learn more about the business directly from their peers.

Talent Retention

To enhance talent retention, we focused on improving benefits and incentive plans, where needed, and in support of employee well-being and career development. We also gathered employee feedback through a global survey. Actions based on this feedback include maintaining our hybrid work program, workplace well-being, career development opportunities, company culture, expanding well-being initiatives, and promoting sustainability.



31,494
Employees

112
Nationalities

54
Countries

Diversity and Inclusion

To enhance diversity and inclusion (D&I) at all levels of our organization, we established a Diversity, Equity and Inclusion Executive Council. The Council serves as the organization's advisory board as we embed our D&I vision and strategy into our overall business strategy.

To support employee engagement, we hosted seven Diversity Weeks, which involved direct engagement and D&I training on the ground in six countries. To create a foundational understanding of D&I across the organization, we continued mandatory trainings.

Employee Engagement

Our Employee Resource Groups (ERGs) lead employee engagement activities across our different offices. We currently have eight active global ERGs and the number of local chapters grew from 10 to 31 over the course of the year.

ACROSS
MCDERMOTT
WE CELEBRATED
OUR 100-YEAR
ANNIVERSARY



Learning and Development

We delivered over 450,000 training hours covering QHSES, Ethics, Compliance, and other subjects. Our programs supported growth within different career paths. Quarterly webinars on topics like Modularization, Power BI, and Influence and Negotiation Skills were attended by more than 1,500 colleagues.

Mentoring continues to play an important role in career development, and in 2023, the program involved 102 mentees and 38 mentors.

Structured people discussions involving 2,000 employees were also conducted with leaders from across the business to consider career development needs, potential next moves, and succession planning.

Our Communities

We seek to do no harm and wherever possible provide positive outcomes for the communities where we operate.

One way we demonstrate this support is by creating training and economic opportunities consistent with the communities' aspirations and well-being. We also focus on fostering open dialogue where we implement community grievance procedures that are client-defined and supported.

Uganda

McDermott was awarded the first-ever Petroleum Authority Uganda (PAU) National Content Skilling Award for our local content skilling efforts in Uganda. 1500 small farmers are being trained to transition from growing traditional subsistence food crops to producing high-value, market-driven goods. Meanwhile, 1,700 women and young people are learning tailoring and business acumen skills to increase their employability and earning potential.



The national recognition we received for our local content skilling efforts in Uganda demonstrates one of the ways in which we are initiating social sustainability programs to help improve the quality of life in our local communities.

Barbra Karungi
Sustainability Manager, Uganda

Mozambique

In Mozambique, McDermott, through our CCS JV initiative with Saipem, has taken significant steps toward supporting the community through programs that equip individuals in remote villages with employable skills and opportunities for long-term economic growth. These focus on local procurement, contracting, small business development, and micro-finance programs.



Angola

In Angola, we have created an international program for recent graduates from the local community. The program provides a group of 16 graduates with in-country training at fabrication yards, project sites, and office locations at McDermott facilities in other countries.



Brazil

In 2023, we developed a program in Brazil's Estacio region for local women experiencing social exclusion. The program uses arts and crafts to promote not only self-esteem and autonomy, but also to provide the women with a source of income. During the year, 60 women benefited from the program.



Human Rights

McDermott is committed to respecting people, the environment, and communities in our global operations.

We conduct our activities in accordance with applicable laws and with respect for human rights, informed by the United Nations Guiding Principles on Business and Human Rights and consistent with the Universal Declaration on Human Rights.

We expect our suppliers and subcontractors to perform their business while respecting individuals and their human rights. McDermott's Code of Business Conduct and UK Modern Slavery Statement provide further guidance on our efforts to conduct business responsibly and respect human rights. Whenever possible, we carry out site inspections, worker interviews, and audits to ensure subcontractors along with ourselves are compliant with both international and local regulations and prioritize the workers' welfare.

In 2023, we conducted audits or self-assessments at five out of eight of our significant sites to ensure compliance with both international and local regulations and prioritization of workers' welfare across our sites, including subcontractors. We also established a corporate-wide human rights management system and plan to continue enhancing it.

We are committed to performing due diligence in collaboration with our business partners and all employees. We developed and deployed training for over 6,900 management employees on the prevention of forced labor. Educating and increasing our employees' awareness of human rights risks remains a key part of our strategy to proactively manage human rights at our sites.

For 2024, we plan to focus on supplier human rights due diligence and have been running operational human rights due diligence programs for suppliers and subcontractors.



Proactively identifying and managing human rights risks at our sites is a fundamental aspect of our strategy. We are committed to providing safe and equitable working conditions for all individuals involved in project execution, including subcontractors and client-embedded teams.

Anu Anmol

Senior Sustainability Specialist

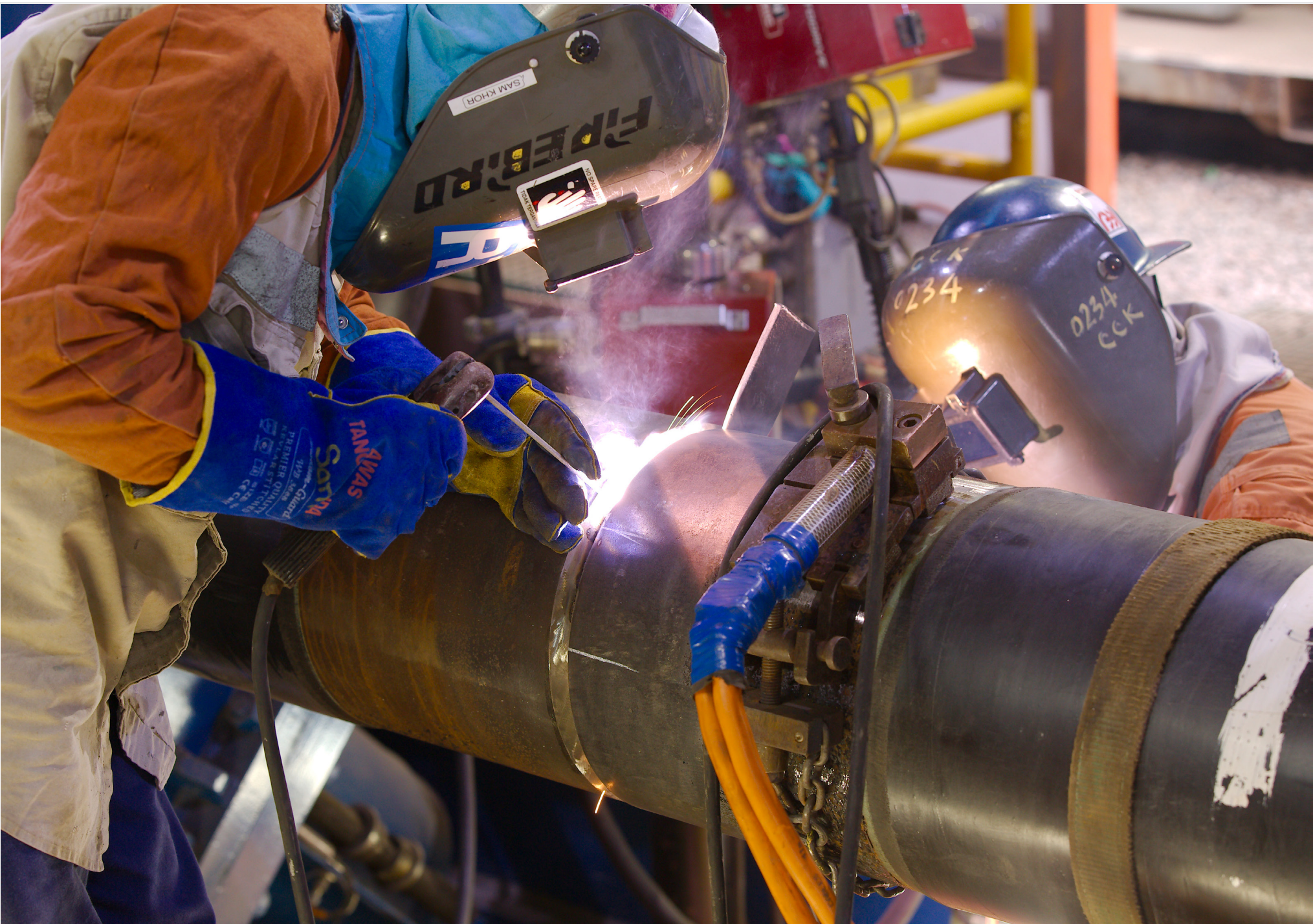
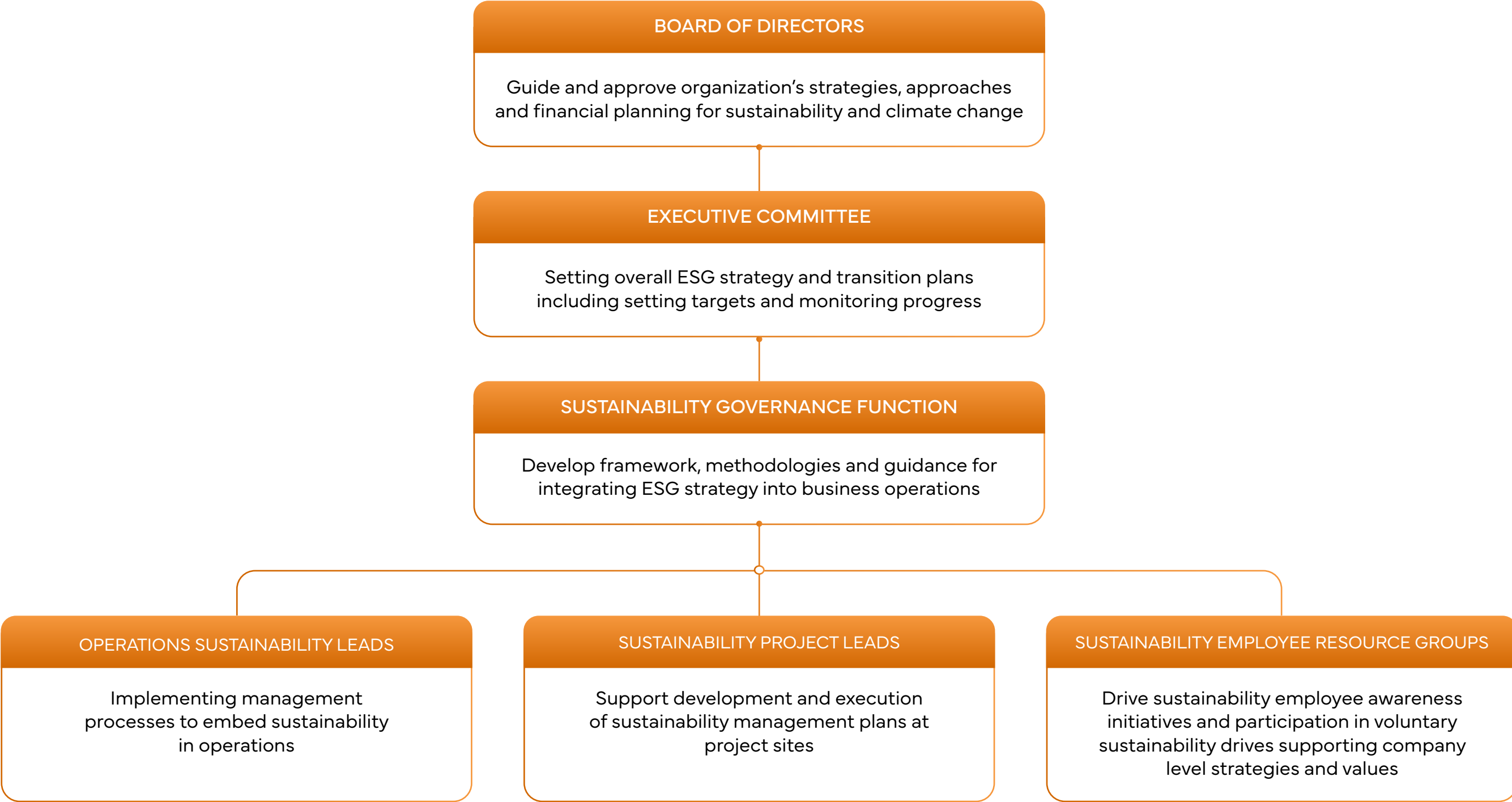




GOVERNANCE

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.

FRAMEWORK ALIGNMENT

A series of thin, light blue wavy lines that flow across the bottom half of the page, creating a sense of movement and depth. The lines are layered and overlap, with some curving upwards and others downwards, resembling a stylized landscape or a series of ripples.

FRAMEWORK MAPPING INDEX

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A Message to Our Stakeholders	2-11-a	
2023 Sustainability Highlights	2-24-a-ii, 2-7, 403-2	
100 Years of McDermott History		
Our Vision for the Next Century		
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Stakeholder Engagement	2-12-b-i, 2-23-b-ii, 2-25-d, 2-29-a-i, 2-29-a-ii, 2-29-a-iii, 2-10-b-i, 308-2-a, 414-2-a, 413-1-a-viii	
LEADING WITH SAFETY		IF-EN-320a.1
Our Safety Performance	403-9-a-iii, 403-9-a-ii, 403-1-a-ii, 403-9-g	
A Focus on Continuous Improvement	403-6-b, 403-8	
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What Sets McDermott Apart	305-1-f, 302-2	
Decarbonizing Our Operations: <ul style="list-style-type: none">• Energy Management• Fuel Management• Marine Operations• Water Management• Waste• Circularity• Spill Prevention• Reducing Air Emissions• Protecting Biodiversity	302-1-b 302-1- 2.1.2,305-1-g,305-2-g 302-4-d 302-1-b,302-4-d,302-4-2.7.2 3-3,303-2-a, 303-1-a,303-1-b, 306-2 306-2 303-2-a, 303-3 303-2-a 305-7-a, 304, 101-2-a-i,101-2-a-iv,101-2-a-ii,101-2-a-iii	IF-EN-160a.2
Supporting Our Customers in the Energy Transition	305-5-e	

McDermott 2023 Sustainability Report Sections	GRI Standards	* SASB Disclosures (IF-EN)
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* McDermott used these international frameworks as a guide for the 2023 Sustainability Report. References indicate full of partial alignment to the standard.

McDermott does not claim compliance with these standards. This index is intended to help stakeholders navigate to related topic areas.

Sustainable Development Goals Index

	<div><div></div></div> No Poverty	<div><div></div></div> Zero Hunger	<div><div></div></div> Good health and wellbeing	<div><div></div></div> Quality Education	<div><div></div></div> Gender Equality	<div><div></div></div> Clean water and sanitation	<div><div></div></div> Affordable and clean energy	<div><div></div></div> Decent work and Economic growth	<div><div></div></div> Industrial innovation and infrastructure	<div><div></div></div> Reduced inequalities	<div><div></div></div> Sustainable cities and communities	<div><div></div></div> Responsible consumption and production	<div><div></div></div> Climate Action	<div><div></div></div> Life below water	<div><div></div></div> Life on land	<div><div></div></div> Peace, Justice, and strong institutions.	<div><div></div></div> Partnerships for the Goals
Waste management												✓		✓			
Climate Change				✓	✓								✓				
Local Content			✓	✓	✓			✓	✓	✓	✓	✓					✓
Emission and energy							✓						✓				
Human Rights and Worker Welfare			✓	✓	✓	✓		✓		✓	✓	✓				✓	✓
Cyber Security and data privacy																✓	
Regulatory changes																	
Health and Safety			✓							✓							
Employee Engagement										✓							
Pollution											✓						
Sustainable Supply Chain									✓		✓	✓					
Risk Management																	
Corporate Governance								✓								✓	
Economic Performance								✓									
DE&I					✓			✓		✓							
ESG Bugeting								✓									
Water Management						✓											
Biodiversity															✓		
Resource Use and Circular economy												✓					
Anti-Corruption and Cyber Security																✓	
Ethical Business Conduct					✓			✓	✓	✓		✓	✓			✓	
Climate Action and Mitigation											✓		✓				

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

McDermott’s climate reporting is guided by TCFD recommendations. We are candid and do not claim full TCFD compliance. This index is designed to help stakeholders understand the extent of our alignment with the TCFD recommendations, which we are advancing year on year.

GOVERNANCE

TCFD Recommendation: Disclose the organization’s governance around climate-related issues and opportunities.

The Governance Committee of McDermott’s Board of Directors oversees our identification, assessment, and management of climate-related risks. The Committee meets quarterly to review our sustainability strategy and monitors progress through the year.

Our Executive Vice President (EVP) of Sustainability and Governance and Executive Committee provide direction of our business strategy, including climate change. They periodically assess material climate risk and appoint risk owners. Our EVP reports to the Board’s Governance Committee quarterly on material climate-related developments.

McDermott's Sustainability Director and team are responsible for execution of our sustainability strategy, including assessment and management of climate-related risks. They interface with identified risk owners to ensure appropriate and timely mitigation plans are in place and actioned.

STRATEGY

TCFD Recommendation: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.

We have identified climate-related risks and opportunities under the headings of emerging regulation, technology, legal, market, reputational, acute physical, and chronic physical. These are applicable to our operations across short, medium and long-time scales.

Impacts of climate-related risks and opportunities on our business, strategy and financial planning are managed with a strong focus on health and safety, continuity of operations, and evolving global energy systems. These encompass the wellbeing of our workforce and host communities, vessel, fabrication yard and construction site activities, and helping our customers responsibly develop, produce and deliver the energy needed to meet growing demand.

Our climate-related risk assessment carried out in 2023 used the following NGFS (Network for Greening the Financial System) scenarios to guide mitigations for a range of credible future outcomes: the Net Zero 2050 scenario to indicate early technology adoption, Divergent Net Zero and Delayed Transition scenarios to provide an extreme for transition risks, and the Current Policies scenario to provide an extreme for physical climate-related risks.

CLIMATE RISK MANAGEMENT

TCFD Recommendation: Disclose how the organization identifies, assesses, and manages climate-related risks.

We manage risks to McDermott's business and stakeholders, including physical and transitional climate-related risks as part of our Enterprise Risk Management (ERM), through the following activities on an annual cycle:

- Each identified risk is assigned a risk manager who develops mitigation plans and provides up-to-date information on the risk register,
- Quarterly review of risks by the Board of Directors Risk Committee.
- Audits of the implementation of mitigation plans by an internal audit team.

We perform the following activities on an annual cycle for identification and assessment of enterprise risks, including climate-related risks: Survey of stakeholders and executive management to identify and score risks based on potential impact and likelihood, interviews or scenario analysis as needed for new categories of risk, review of priority risks by executive management and the Board, and periodic reassessment of risk scores by subject matter experts.

The risk identification process and its results are reviewed by senior operations leadership and then by Executive Management and the Board and reflected in a heat map.

We manage risks to McDermott's business and stakeholders, including climate-related risks, through some standard processes which include activities on an annual cycle: Identified risks need to be addressed with action plans. Therefore subject matter experts/ managers develop mitigation plans and maintain track records of improvements on them. These updates are reviewed by the Board of Directors' Risk committees quarterly with audit of these activities and implementation process for mitigation plans by internal audit teams to ensure accuracy of monitoring and verification.

Identification, assessment, and management of climate-related risks are an integrated part of our enterprise risk management process. Due to the longer time scales and wider range of potential outcomes, qualitative scenario analysis was used to guide the risk assessment stage.

CLIMATE RELATED RISK AND OPPORTUNITIES IMPACT OUR BUSINESS

We anticipate that energy transition projects will form an increasing share of our backlog. Examples in our current portfolio include high-voltage direct current (HVDC) substations for offshore wind farms in the German North Sea, hydrogen facilities, and carbon capture and utilization (CCUS) plants.

Both physical and transitional climate risks, as identified above, pose the potential to interrupt our operations and supply chain. We are therefore being proactive in developing mitigation plans for such events and applying the appropriate provisions within our project delivery plans.

At one of our facilities, the Batam Fabrication Yard, we conducted an assessment to understand and mitigate potential climate-related impacts, with data inspection and workshops to analyze

climate scenarios and their potential impact on the yard. The process helped us identify key areas to focus efforts in enhancing resilience:

1.

Disruption of supply chain and logistics
2.

Impact on critical infrastructure
3.

Schedule delays
4.

Labor productivity deterioration
5.

Business interruption to customers

Based on the study, we have developed short-term and long-term recommendations for mitigating risk at the yard. Implementing these recommendations will play an important role in avoiding disruptions to business and reducing potential operational impacts. The recommendations will be subject to ongoing monitoring to ensure their implementation and continued effectiveness.

METRICS AND TARGETS

TCFD Recommendation: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

To consistently score risks, our enterprise risk management process uses established scales for likelihoods, and for potential impacts under the following categories: financial, reputational, health, safety & security, environmental and social. High scoring risks are subject to strengthened management and oversight measures. Climate-related risks are scored using the same scales as other enterprise risks.

McDermott uses a marginal abatement cost curve (MACC) to identify opportunities to decarbonize our operations, with abatement benefits organized by their potential costs. We continue to evaluate sustainability initiatives based on our values, the needs and targets of our customers, the interests of our employees and stakeholders, and cost-benefit analysis. Please refer to page 46 for disclosure of our 2023 greenhouse gas emissions.

Our company has set climate related targets and tracks progress each year, that can be seen in this report.

DATA TABLES



Safety Performance

Safety Indicators [1]		Unit	2020	2021	2022	2023
Total Recordable Incidents (TRI)	Direct	Number	45	43	47	40
	Combined	Number	58	57	59	43
Total Recordable Incidents Rate (TRIR) [2]	Direct	Rate	0.1	0.12	0.13	0.1
	Combined	Rate	0.1	0.12	0.12	0.07
Lost-time Incidents (LTI)	Direct	Number	3	2	6	5
	Combined	Number	3	6	9	5
Lost-time Incidents Rate (LTIR) [3]	Direct	Rate	0.01	0.01	0.02	0.01
	Combined	Rate	0.01	0.01	0.02	0.01
High Potential Incidents (HIPOs) [4]	Direct	Number	10	3	5	6
	Combined	Number	10	3	5	6
Fatalities as a result of work-related injuries and ill health	Direct	Number	0	0	0	0
	Combined	Number	0	0	0	0
Hours worked	Direct	Number	91,188,950	69,757,637	73,891,545	77,290,075
	Combined	Number	115,651,629	95,268,048	94,421,385	117,958,659

Safety Indicators [1]	Unit	2020	2021	2022	2023
Total near-miss reports	Number	763	514	590	423
Workers covered by the undertaking’s health and safety management system	%	100	100	100	100
Operational sites for which an employee health & safety risk assessment has been conducted	%	100	100	100	100
Cases of recordable work-related ill health	Number	0	0	0	0
Days lost to work-related injuries, fatalities, and ill health	Number	30	94	391	332

QHSES Indicators	Unit	2023
Leadership Engagement [5]	% Completed	82
Environment Aspects & Impacts Compliance [6]	% Completed	90
Training Compliance (mandatory) [7]	% Completed	93
Near Miss Incident Reviews [8]	% Completed	100
Health and Wellbeing Programs [9]	% Completed	98
Continual Improvement Action Closeout [10]	% Completed	87
Recordable and HIPO Incident reviews [11]	% Completed	100
Communication Cards Action Closeout [12]	% Completed	84

[1] Direct workhours cover employees on McDermott payroll and non-McDermott employees under McDermott’s direct supervision. Combined workhours covers McDermott-hired subcontractors performing work scope under their supervision at McDermott-controlled site/facility in addition to direct workhours.

[2] TRIR = Total Recordable Incident x 200,000/Workhours.

[3] LTIR = Lost Time Incident x 200,000/Workhours.

[4] Incidents with a Potential Risk Rating of ≥ 16 that caused or had the potential to cause harm to personnel.

[5] Productive, meaningful interactions between leaders and employees increase employee engagement and strengthen commitment to the company’s QHSES policy. Leadership engagements are designed to increase understanding and control of workplace risks, help recognize and reinforce good practices, and become aware of, intervene in, and address unsafe conditions and/or acts. Measurement is obtained by an average of % of Actual Engagement vs. Planned, % of Action Completed vs. Total Actions from Engagements, and % of Feedback Provided vs. Total Feedback Required.

[6] Environmental risks at McDermott sites are evaluated by identifying aspects and determining the potential impacts associated with McDermott’s activities, products, and services. This provides the process for identifying controls to manage the associated impacts. The effectiveness of these risk assessments is verified through regular review and monitoring. Measurement is obtained by Total Environment Aspects and Impacts Assessment Completed vs. Total Environment Aspects and Impacts Assessment Required.

[7] All employees shall be trained and competent to safely and efficiently carry out assigned tasks. Established training matrices define the minimum training requirements of every employee, dependent on their role. Measurement obtained by Completed Training vs. Mandatory Training.

[8] A near miss is an undesired event that, under slightly different circumstances, could have harmed people, the environment, or property or resulted in loss of production. Near misses provide an opportunity to proactively address underlying issues, improve HSES processes, and prevent incidents. Regardless of its potential severity, every near-miss incident is investigated and reviewed to identify root causes and implement actions to prevent undesired events from occurring. Measurement obtained by Completed Near Miss Reviews vs. Total Planned.

[9] McDermott’s wellbeing strategy drives the annual health and wellbeing programs and activity plans. Successful implementation of these programs globally is tracked and reported. Measurement by Total Health and Wellbeing Programs Implemented vs. Planned.

[10] Actions from continual improvement processes and tools such as incident investigations, management of change, audits and NCRs are monitored for effective and timely closeouts. Measurement obtained by Total Action Completed/Total Action Planned.

[11] The outcome of recordable and HIPO incident investigations and root cause analyses are reviewed with the executive leadership to ensure effective incident investigation, execution of corrective actions, and communication of learnings. Measurement obtained by Completed Recordable/HIPO Executive Reviews vs. Total Recordable/HIPO Incidents.

[12] The QHSES Communication platform has been established so employees can effectively communicate QHSES-related issues / concerns and / or recognitions to management and the QHSES Group. Actions from these are monitored for effective and timely closeouts. Measurement obtained by Total Action completed vs. Total Action Raised.

Environmental Performance

GHG Emissions Indicators – Operational Control [1] [2] [3] Accounting scope 2 market-based unless otherwise stated		Unit	2020	2021	2022	2023
Scope 1 (direct)		tCO2e	183,523	179,948	181,138	183,301
Scope 2 (indirect) – market-based		tCO2e	69,286	30,360	16,749	11,237
Scope 2 (indirect) – location-based		tCO2e	69,286	63,389	61,069	66,331
Total Scope 1 and 2		tCO2e	252,809	210,308	197,887	194,538
Scope 1 and 2 by site type	Accommodations	tCO2e	1,289	654	716	806
	Construction site	tCO2e	29,024	14,466	16,123	15,291
	Fabrication	tCO2e	85,076	49,102	41,673	43,430
	Logistic site	tCO2e	2,244	3,642	1,467	1,124
	Office	tCO2e	13,360	6,694	7,850	5,619
	Vessel	tCO2e	121,816	135,751	130,058	128,268
Absolute Scope 1 & 2 reduction versus 2020 base year		%	-	17	22	23
Carbon Intensity Indicators						
Construction Carbon intensity [4]		Rate	1.23	0.99	1.43	0.79
Fabrication Carbon Intensity [4]		Rate	1.89	1.24	1.06	0.91
Construction and Fabrication Carbon Intensity [4]		Rate	1.63	1.16	1.19	0.86
Carbon Intensity of Vessels [5]		Rate	5.76	4.14	3.86	3.16

Energy Consumption Indicators		Unit	2020	2021	2022	2023
Electricity (Scope 2)	Electricity from grid	MWh	129,481	109,535	105,862	122,889
	Heat consumption from grid	MWh	1,764	1,293	971	781
	Electricity from onsite solar (own and PPA)	MWh	0	0	18	4,209
	Total	MWh	131,245	110,828	106,851	127,879
Fuel (Scope 1)	Diesel (direct)	MWh	694,524	657,580	682,399	673,555
	Gasoline (direct)	MWh	13,366	9,952	13,632	11,447
	Propane (direct)	MWh	1,736	1,414	1,316	1,965
	Natural gas (direct)	MWh	10,526	6,437	7,714	8,593
	Used oil (direct)	MWh	42	33	0	53
	Biodiesel 20% (direct)	MWh	0	284	357	0
	Biodiesel 30% (direct)	MWh	0	26,300	32,235	4,287
	Biodiesel 35% (direct)	MWh	0	0	0	27,970
	Total	MWh	720,194	702,000	737,653	727,870
Energy Consumption (Scope 1 and 2)		MWh	851,439	812,828	844,504	855,749
Renewable Energy (Scope 1 and 2)						
Renewable Electricity [6]		MWh	0	42,641	66,796	98,244
		%	0	38	63	77
Renewable Fuel [7]		MWh	0	7,947	9,742	11,076
		%	0	1.1	1.3	1.5
Renewable Energy (Electricity and Fuel)		MWh	0	50,588	76,538	109,320
		%	0	6.2	9.1	12.8

[1] GHG emissions report follows an operational control approach and includes proportionate GHG emissions from McDermott joint ventures operations with equity share equal or above 15%.

[2] GHG emissions reporting is based on carbon dioxide-equivalent (CO2e), a standard unit for measuring carbon footprints. The conversion factors to calculate CO2e are mainly based on EPA, IEA, and Defra.

[3] Scope 1 emissions are direct emissions from sources that are owned or controlled by McDermott. Scope 2 emissions are indirect emissions from consumption of electricity, heat, cooling and steam.

[4] Scope 1&2 GHG emissions tCO2e/1,000 workhours.

[5] Scope 1&2 GHG emissions/hours underway; hours underway is defined as hours spent in work and transit.

[6] Includes contributions from own onsite solar panels, onsite-solar power purchased agreements, energy attribute certificates, and renewable electricity agreements with utility providers.

[7] Renewable energy from blended fuels (deriving from both renewable and non-renewable sources) is calculated by proportion of renewable percentage contained in each source, calculation methodology as per Carbon Disclosure Project (CDP) recommendations.

Environmental Performance (continued)

Water Indicators [1] [2] [3]		Unit	2020	2021	2022	2023
Water Consumption	Potable water	m3	784,233	701,265	783,193	842,583
	Water withdrawal	m3	591,817	271,211	253,475	302,544
	Total	m3	1,376,050	972,476	1,036,668	1,145,127
Water Consumption reduction vs 2020 baseline		%	-	29.3	24.7	16.8
Water reused		m3	13,479	22,887	21,863	16,691
Water reuse ratio		%	0.98	2.35	2.11	1.46
Waste Indicators [4]						
Waste	Solid	metric ton	508,616	882,521	906,700	173,268
	Liquid	m3	126,833	199,068	74,661	377,841
Waste Diverted	Solid	metric ton	372,262	857,796	885,820	126,060
	Liquid	m3	380	151	143	945
	Solid	%	73.2	97.2	97.7	72.8
	Liquid	%	0.3	0.1	0.2	0.3
Waste [5]	Solid	metric ton	176,813	159,460	88,443	171,907
	Liquid	m3	126,820	199,051	74,661	377,841
Waste Diverted [5]	Solid	metric ton	40,459	134,736	67,563	124,698
	Liquid	m3	366	134	143	945
	Solid	%	22.9	84.5	76.4	72.5
	Liquid	%	0.3	0.1	0.2	0.3
Reduction vs 2020 baseline [5]		%	-	9.8	50	2.8

Waste by Type [4]		Unit	2020	2021	2022	2023
Non-Hazardous	Solid	metric ton	110,537	37,712	42,780	91,615
	Liquid	m3	9	16	26	4
Hazardous	Solid	metric ton	10,428	7,628	7,382	17,311
	Liquid	m3	407	118	117	941
Construction and Demolition	Solid	metric ton	387,650	837,180	856,538	64,342
Wastewater	Liquid	m3	126,417	198,934	74,518	376,896
Waste by Disposal Method [4]						
Landfill	Solid	metric ton	131,182	24,260	20,280	46,519
Incinerated	Solid	metric ton	2,170	457	594	689
	Liquid	m3	49	0	0	0
Other non-diverted waste	Solid	metric ton	3,002	7	6	55
	Liquid	m3	126,404	198,917	74,518	376,896
Reuse	Solid	metric ton	331,802	723,061	818,257	1,362
	Liquid	m3	13	17	0	0
Recovery	Solid	metric ton	145	388	698	141
	Liquid	m3	71	47	70	11
Recycling	Solid	metric ton	38,162	132,723	56,717	94,438
	Liquid	m3	213	87	72	81
Composting	Solid	metric ton	521	243	123	201
Resell	Solid	metric ton	551	1,199	9,952	29,785
Waste to Energy	Solid	metric ton	1,081	183	73	79
	Liquid	m3	82	0	0	852

[1] Potable water consumption refers to water obtained from municipal water suppliers and municipal water treatment plants, public or private utilities, and other organizations involved in the provision, transport, treatment, or use of water. Drinking water provided in single-use bottles or jars may not be included in this definition.

[2] Water withdrawal considers water drawn from surface water or a third party considered as customer-supplied water, water trunks purchased, and external sources not considering municipal, local, or city water supplied directly to MDR sites.

[3] Water reused includes the sum of all water reused or recycled for different purposes such as landscape irrigation, industrial process water, toilet flushing, dust control, etc. Water reuse accounts not only for total water consumption that has been reused but also for water captured from natural resources and stored for use at sites (e.g., rainwater captured on artificial ponds).

[4] Waste is reported by waste type, stream, and disposal method associated considering local regulations definition at the point of generation, except for Hazardous waste which also includes all medical and electronic waste. The waste diversion ratio provides a measurable relation to compare the total waste disposed versus the waste that was diverted from going to a landfill, incinerated, or other (hauled off-site, on-site discharge, open burning, permitted discharged, treatment).

[5] Reuse waste data is a gap mitigated in 2022 and for the sake of consistency and transparency, McDermott continues reporting diversion rates and reduction vs 2020 baseline without accounting for reuse waste.

Environmental Performance (continued)

Environmental Significant Incidents Indicators [1]		Unit	2020	2021	2022	2023
Air	Event/s	Number	1	0	0	0
	Release Type	Description	Natural Gas/ Liquid Vapor	0	0	NA
	Amount	Pound	1,015	0	0	0
Land	Event/s	Number	1	1	2	3
	Release Type	Description	Hydraulic Oil	Hydraulic Oil	1.6 m3 Wastewater + 0.151 m3 Oil	0.1 m3 Septic Effluent (#3423) + 0.095 m3 Hydraulic Oil (#4043) + 0.6m3 Septic Effluent (#4356)
	Amount	m3	0.13	0.15	1.751	0.795
Water	Event/s	Number	4	2	2	0
	Release Type	Description	Hydraulic Oil	Hydraulic Oil	1.9 m3 Hydrostatic Test Water + 0.1 m3 Mono Ethylene Glycol	NA
	Amount	m3	0.006	0.0003	2.000	0
Total L-3		Number	6	3	4	3

Loss of Containment Indicators [2]		Unit	2020		2021		2022		2023	
Top 3 materials	Material Description and m3	Wastewater	5.005	Oil (Hydraulic, Motor, etc.)	0.764	Hydrostatic Test Water	1.911	Septic Effluent	0.710	
		Sewage	1.578	Diesel	0.247	Oil (Hydraulic, Motor, etc.)	1.784	Hydraulic oil	0.423	
		Oil (Hydraulic, Motor, etc.)	1.548	Antifreeze / Coolant	0.027	Wastewater	1.607	Diesel	0.207	
Total amount	m3	29.091		1.177		6.191		1.682		

[1] Environmental Significance Incidents defined as moderated impact, level III or above: 2020-2021 definition includes spills reportable to regulatory agencies, any spill to water, quantities greater than or equal to 0.095 cubic meters (m3). From 2022 on, the definition includes releases to the environment reportable to regulatory agencies that trigger an agency official notification of a violation, improvement plan, fine or visit, or spill quantities greater than or equal to 0.095 m3.

[2] For each spill, report the total spill volume in liters and the type of material spilled, e.g., oil, concrete washout, fuels, etc. (QHSES-ENV-PR-00600.00 Environmental Performance Indicators (EPI) V. 3.0)

People [1]

Workforce Indicators	Unit	2020	2021	2022	2023
Total number of Employees [2]	Number	28,103	25,624	27,680	31,494
Full Time Employees	Number	23,490	22,326	24,249	27,718
	%	83.60	87.10	87.60	88.00
Part Time Employees	Number	4,613	3,298	3,431	3,776
	%	16.40	12.90	12.40	12.00
Professional Employees	Number	12,136	11,635	12,465	12,809
	%	43.20	54.60	45.00	40.70
Craft Employees	Number	15,926	13,989	15,215	18,685
	%	56.70	45.40	55.00	59.32
Uncategorized Employees	Number	41	0	0	0
Nationalities represented by Employees	Number	108	106	109	112
Number of Countries Workforce hosted	Number	32	35	38	30
Average Employee Age	Number	41.03	41.81	41.57	41.4
Average Tenure	Number	6.64	7.36	6.45	6.12

Employee Generation Indicators	Unit	2020	2021	2022	2023
Silent Generation (1928-1945)	Number	9	7	5	3
	%	0.03	0.03	0.02	0.01
Baby Boomers (1946-1964)	Number	2,362	1,930	1,735	1,693
	%	8.40	7.53	6.27	5.38
Gen X (1965-1980)	Number	11,022	10,141	10,096	10,747
	%	39.22	39.58	36.47	34.12
Millennials (1981-1996)	Number	13,650	12,478	14,208	16,078
	%	48.57	48.69	51.33	51.05
Gen Z (1997-2012)	Number	1,040	1,053	1,636	2,971
	%	3.70	4.11	5.91	9.43
Age Data Not Available	Number	20	15	0	2
	%	0.07	0.05	0.00	0.01

Total Workforce by Gender Indicators		Unit	2020	2021	2022	2023
Men	<30 years	Number	3,327	2,489	2,815	3,728
	between 30 and 50 years	Number	17,161	15,975	17,239	19,135
	>50 years	Number	4,956	4,810	5,145	5,872
	Age Data Not available	Number	18	15	0	3
	Total	%	90.6	90.9	91.0	91.2
Women	<30 years	Number	478	403	491	642
	between 30 and 50 years	Number	1,740	1,521	1,575	1,605
	>50 years	Number	390	380	384	422
	Age Data Not available	Number	2	2	0	0
	Total	%	9.3	9.0	8.9	8.5
Other/Not Disclosed	<30 years	Number	9	7	9	21
	between 30 and 50 years	Number	18	16	15	58
	>50 years	Number	4	6	7	8
	Age Data Not available	Number	0	0	0	0
	Total	%	0.1	0.1	0.1	0.3

[1] Employees with a direct McDermott contract during the reporting year, excluding contingent workers. Headcount parameters (Hires and Terminations) in the following year’s report may vary due to post-processing.

[2] Headcount data is likely to have minor adjustments for previous years due to data rectification.

People [1] (continued)

Workforce Gender by Company Level Indicators [2]		Unit	2020	2021	2022	2023
Board Level						
Female	Number	-	1	1	1	1
	%	-	10	10	10	10
Male	Number	-	9	9	9	9
	%	-	90	90	90	90
Executive Level						
Female	Number	1	2	2	1	1
	%	11	29	22	13	13
Male	Number	8	5	7	7	7
	%	89	71	78	88	88
Not Specified	Number	0	0	0	0	0
	%	0	0	0	0	0
Sr. Management Level						
Female	Number	42	35	40	38	38
	%	11	10	12	11	11
Male	Number	326	311	302	309	309
	%	89	90	88	89	89
Not Specified	Number	0	1	0	0	0
	%	0	0	0	0	0
Management Level						
Female	Number	168	172	190	200	200
	%	11	12	13	13	13
Male	Number	1,333	1,225	1,281	1,334	1,334
	%	89	88	87	87	87
Not Specified	Number	0	0	0	1	1
	%	0	0	0	0	0

Workforce Gender by Company Level Indicators [2]		Unit	2020	2021	2022	2023
Professional Level						
Female	Number	1,380	1,249	1,331	1,428	1,428
	%	14	14	14	14	14
Male	Number	8,341	7,951	8,439	8,926	8,926
	%	86	86	86	86	86
Not Specified	Number	7	6	7	8	8
	%	0	0	0	0	0
Entry Level						
Female	Number	1,004	848	887	1,003	1,003
	%	6	6	6	5	5
Male	Number	15,428	13,796	15,169	18,162	18,162
	%	94	94	94	94	94
Not Specified	Number	24	22	24	77	77
	%	0	0	0	0	0
Unspecified Level						
Female	Number	15	0	0	0	0
	%	37	0	0	0	0
Male	Number	26	1	1	0	0
	%	63	100	100	0	0
Not Specified	Number	0	0	0	0	0
	%	0	0	0	0	0

[1] Employees with a direct McDermott contract during the reporting year, excluding contingent workers. Headcount parameters (Hires and Terminations) in the following year’s report may vary due to post-processing.

[2] Company Levels are reported according to internal procedure grade: Executive level accounts employees' grade 15; Sr management level accounts employees from grade 11 to 14; Management level is relative to grades 9 and 10; Professional level accounts grade 5 to 8; Entry level is relative to grade 1 to 4; Unspecified level accounts employees where the grade is not determined in HR systems.

People [1] (continued)

Professional Workforce by Gender Indicators		Unit	2020	2021	2022	2023
Men	<30 years	Number	781	654	870	975
	between 30 and 50 years	Number	6,782	6,678	7,019	6,994
	>50 years	Number	2,217	2,179	2,327	2,447
	Age Data Not available	Number	18	14	0	1
	Total	%	80.7	81.9	82.0	81.3
Women	<30 years	Number	414	367	438	544
	between 30 and 50 years	Number	1,575	1,391	1,450	1,457
	>50 years	Number	344	345	357	384
	Age Data Not available	Number	2	2	0	0
	Total	%	19.2	18.1	18.0	18.6
Other/Not Disclosed	<30 years	Number	1	2	2	2
	between 30 and 50 years	Number	2	1	0	2
	>50 years	Number	0	2	2	3
	Age Data Not available	Number	0	0	0	0
	Total	%	0.0	0.0	0.0	0.1

Craft Workforce by Gender Indicators		Unit	2020	2021	2022	2023
Men	<30 years	Number	2,544	1,835	1,945	2,753
	between 30 and 50 years	Number	10,365	9,297	10,220	12,141
	>50 years	Number	2,729	2,631	2,818	3,425
	Age Data Not available	Number		1		2
	Total	%	98.2	98.4	98.5	98.1
Women	<30 years	Number	56	36	53	98
	between 30 and 50 years	Number	158	130	125	148
	>50 years	Number	46	35	27	38
	Age Data Not available	Number				
	Total	%	1.6	1.4	1.3	1.5
Other/Not Disclosed	<30 years	Number	8	5	7	19
	between 30 and 50 years	Number	16	15	15	56
	>50 years	Number	4	4	5	5
	Age Data Not available	Number				
	Total	%	0.2	0.2	0.2	0.4

[1] Employees with a direct McDermott contract during the reporting year, excluding contingent workers. Headcount parameters (Hires and Terminations) in the following year’s report may vary due to post-processing.

People [1] (continued)

Recruitment Indicators		Unit	2020	2021	2022	2023
New Hires		Number	6,952	9,735	11,376	10,222
New Hires: Female		Number	428	604	817	747
Female Resigned		Number	392	374	428	378
Net Increase in Female Employees		Number	36	230	389	373
New Hires by Gender and Age Group Indicators						
Men	<30 years	Number	1,670	1,830	2,121	2,400
	between 30 and 50 years	Number	3,869	5,954	7,145	5,834
	>50 years	Number	924	1,285	1,232	1,121
Women	<30 years	Number	164	188	302	339
	between 30 and 50 years	Number	205	347	457	344
	>50 years	Number	57	68	58	64
Other/Not Disclosed	<30 years	Number	17	10	20	32
	between 30 and 50 years	Number	21	28	31	76
	>50 years	Number	3	14	8	9
Age Data Not available		Number	22	11	2	3

Turnover Indicators [2]		Unit	2020	2021	2022	2023
Average Headcount		Number	30,041	26,765	26,909	29,717
Total Turnover (professional, craft, and uncategorized)		Number	19,828	11,898	8,872	6,305
		%	66.00	44.45	32.97	21.22
Professional Turnover		Number	6,892	2,750	2,870	2,371
		%	51.94	23.33	23.61	18.99
Craft Turnover		Number	12,339	9,146	6,002	3,934
		%	85.39	61.14	40.80	23.04
Uncategorized Turnover		Number	597	2	0	0
		%	25.73	10.00	0	0
Voluntary Turnover [3]		Number	3,893	3,002	3,622	3,568
		%	12.96	11.22	13.46	12.01
Involuntary Turnover [4]		Number	15,935	8,896	5,250	2,737
		%	53.04	33.24	19.51	9.21
Turnover by Gender						
Men	<30 years	Number	3,054	2,127	1,271	933
	between 30 and 50 years	Number	10,124	6,927	5,489	3,844
	>50 years	Number	3,549	1,902	1,387	968
	Age Data Not available	Number	1,042	12	9	1
Women	<30 years	Number	334	200	163	122
	between 30 and 50 years	Number	1,093	569	420	339
	>50 years	Number	445	130	97	72
	Age Data Not available	Number	94	1	2	
Other / Not Disclosed	<30 years	Number	24	12	7	7
	between 30 and 50 years	Number	40	13	20	15
	>50 years	Number	7	5	7	4
	Age Data Not available	Number	22	0	0	0

[1] Employees with a direct McDermott contract during the reporting year, excluding contingent workers. Headcount parameters (Hires and Terminations) in the following year’s report may vary due to post-processing.

[2] Average yearly Headcount is used to calculate Turnover rates (same methodology applied to distinct categories).

[3] Voluntary Termination for All Employees. Voluntary Termination Included Retirements, and not including any Transfers or Country Reassignments.

[4] Involuntary termination for all employees and not including transfers or country reassignments.

People (continued)

Social Responsibility Indicators	Unit	2020	2021	2022	2023
Community Grievance					
Sites with grievance	Number	8	8	8	4
Number received	Number	25	8	26	24
Number addressed	Number	18	8	26	22
Supplier Diversity Spend					
Diverse and small businesses	USD	129M	95M	88M	88.3M
Minority	USD	18.6M	8.5M	7.9M	11.2M
Women Owned	USD	69.5M	14.7M	14M	15M
Veteran-owned businesses and disabled veteran-owned businesses	USD	11M	6.5M	5M	7.8M
External audits					
Labor and human rights [1]	Number	-	-	-	5

[1] External audits on Labor & Human rights is a new KPI that McDermott will start disclosing.

Learning and Development

Talent and Organizational Development Training Indicators [1]	Unit	2023
Average hours of learning per employee [2]	Rate	3
Learning Hours (facilitated)	Hours	8,646
Learning Hours (digital)	Hours	85,975
Facilitated Learning Indicators		
Business Acumen Series	Attendees	696
	Hours	696
Core Value Series	Attendees	577
	Hours	577
Diversity, Equity and Inclusion	Attendees	47
	Hours	85
Global Core Processes	Attendees	1,333
	Hours	1,305
Lean Six Sigma	Attendees	521
	Hours	1,563
Optimizing Performance Series	Attendees	542
	Hours	542
Partner Programs	Attendees	1,188
	Hours	1,245
Quality, Health and Safety	Attendees	22
	Hours	11

[1] Training Indicators captured by Training and Organizational Development systems.

[2] Average hours of learning per employee is calculated based on total learning hours (facilitated and digital) and taking into consideration the total number of employees disclosed in Workforce Indicators.

[3] Training Indicators captured by Training and Organizational Development systems.

[4] Nomination-based program for senior female leaders.

[5] Nomination-based program for new and existing managers.

[6] Nomination-based program for high-potential future leaders.

Talent and Organizational Development Training Indicators [1]	Unit	2023
Leadership Academy (facilitated training) Indicators [3]		
Advancing Women's Leadership [4]	Assigned Employees	22
	Hours	550
Core Management [5]	Assigned Employees	131
	Hours	1,048
IMPACTT 2023 [6]	Assigned Employees	55
	Hours	776
RISE 2023 [7]	Assigned Employees	25
	Hours	248
Digital Learning Indicators		
Culture Wizard [8]	Users	1,081
	Hours	574
LinkedIn Learning [9]	Users	1,120
	Hours	19,402
mentorcliQ [10]	Users	352
	Hours	949
Percipio [11]	Users	12,084
	Hours	65,050
Targeted Employees Indicators [12]		
High Potential	Identified Employees	346
	Hours	6,619
Top Talent	Identified Employees	54
	Hours	1,314

[7] Nomination-based program for high-potential female future leaders.

[8] Third-party platform delivering culture awareness content.

[9] Third-party platform delivering digital content covering a broad range of topics.

[10] Third-party platform managing mentoring relationships and interaction activities.

[11] Third-party platform delivering corporate, compliance and governance content.

[12] Identified through the Talent Review Process, these employees have demonstrated the ability and aspiration to be successful leaders in McDermott and need to measure their engagement in development programs to support retention and succession planning objectives.

Learning and Development (continued)

Ethics and Compliance Training Indicators [1]		Unit	2023
Facilitated training on Ethics & Compliance topics	Attendees		743
	Hours		743
Code of Business Conduct e-learning (Prevention of forced labor, conflict of interest, anti-corruption, and privacy and information security components included)	Assigned employees		7,841
	% Completed		96

QHSES Training Indicators [2]		Unit	2020	2021	2022	2023
QHSES training	Attendees		20,111	22,986	22,880	21,518
	Hours		470,368	446,962	520,166	562,871
QHSES Induction [3]	% Completed		97	96	96	94
Environmental Aspects & Impact [4]	% Completed		99	74	84	92
Spill prevention and control [5]	% Completed		-	77	83	94
Waste management [6]	% Completed		95	77	82	90
Water management [7]	% Completed		-	68	83	92

Career Development Indicators		Unit	2020	2021	2022	2023
Performance Management						
Eligible employees who completed the annual performance review [8]	Number		-	6,082	8,856	9,994
	% Completed		-	74	88	95
Career Development						
Global Mentoring Program [9]	Number enrollments		661	136	248	140
	Number mentees		421	86	173	102
	Number mentors		240	50	75	38

[1] Ethics and compliance e-learning trainings are assigned to eligible employees. Employee eligibility is determined by grade (grade 6 and above) and subject to CECO-approved inclusion, exclusion, or subsequent assignment waivers that are provided annual ethics and compliance training.

[2] QHSES training programs are assigned to specific employees and provide the knowledge and skills to recognize potential hazards and risks and to identify acceptable means and methods to mitigate these risks to prevent injury to personnel, environment, pollution, damage to property, security threat to personnel and company assets. QHSES trainings account facilitated and digital training.

[3] This course provides employees with knowledge and skills on McDermott’s QHSES systems, procedures, programs, and tools and how they should be applied at worksites.

[4] This course is designed to provide a comprehensive overview of McDermott’s environmental aspects and impact assessment process. This provides an in-depth understanding of the key concepts related to Environmental Aspects & Impacts, including the identification of the personnel responsible for identifying environmental aspects and impacts at the sites, the process of assessing activities, products, and services, and the identification of controls to reduce or mitigate negative impacts to the environment.

[5] This course introduces to McDermott Spill Prevention and Control process, covering topics such as recognizing the areas with potential spills, identifying appropriate controls to prevent or reduce the impact of spills on the environment, using appropriate forms when conducting inspections, and understanding of elements of Spill Prevention and Control Plan.

[6] This course explains McDermott’s minimum requirements for the waste management program. It also describes the company’s commitment to waste stewardship, waste reduction, reuse and recovery, and pollution prevention.

[7] This course explains the minimum measures to protect water resources at McDermott sites that have an activity, product, or service that uses water in a process or generates wastewater and locations that conduct activities or services or have materials or products exposed to stormwater or runoff.

[8] Every year Performance management process criteria is revised, according to HR leadership. Eligibility criteria of professional employees is determined by user person type, job group, cost centers, and job title.

[9] Company internal mentorship program tracked on mentorcliQ (third-party platform managing mentoring relationships and interaction activities). McDermott also supports mentorship/sponsorship/development engagements between employees, usually performed at local level, which are not accounted in the global Mentoring Program.

Governance

Governance Indicators [1]	Unit	2020	2021	2022	2023
Speak Up! Cases (received and addressed via Ethics and Compliance)	Number	201	152	134	142
Cases by Issue Type					
Governance [2]	Number	80	65	42	39
Labor [3]	Number	53	39	34	31
Human Rights [4]	Number	43	24	23	47
Health, Safety and Environment [5]	Number	22	5	10	8
Other [6]	Number	3	19	25	17

Supply Chain Indicators	Unit	2020	2021	2022	2023
Number of suppliers screened					
Number of eligible suppliers screened [7]	Number	3,179	2,234	1,961	1,254
	%	100	100	100	100
Number of suppliers screening for environment, social, & governance in Dun and Bradstreet supplier risk management [8]	Number	-	-	-	1,734
	%	-	-	-	100
Number of suppliers who have signed the McDermott Code of Business Conduct [9]	Number	3,179	2,234	1,961	1,254
	%	-	-	76	72

[1] Change in numbers versus last year’s reports to mitigate reporting duplication of cases that arise from Inquiry/Requests. In prior years we reported Inquiry/Requests category which was later identified as double counting since Inquiry/Request cases are closed and a new case re-opened to obey the correct classification and procedure (in accordance with Issue type).

[2] Cases relative to Inappropriate Behavior, Gifts, Bribes and Kickbacks, Fraud or Embezzlement, Conflict of Interest, Misuse of Resources, Theft, Disclosure of confidential information, procurement activity concerns, conduct or policy violations, quality control, legal and regulatory violations, accounting/ auditing practices, antitrust or fair trading, falsification or destruction of information.

[3] Cases related to Unfair Employment Practices, Employment or Disciplinary Action.

[4] Harassment, Discrimination, Threats or Physical violence, Retaliation or Retribution.

[5] Environment, Health and Safety & Substance Abuse.

[6] Cases relative to topics not captured by Governance, Labor, Human rights, Health, Safety and Environment categories.

[7] Eligible suppliers are composed of all suppliers with which the company contracts for projects and business-related goods and services. This typically would exclude individuals and entities such as utilities, governmental agencies, credit card and other invoice-only payees, claimants, and court-ordered payees, etc.

[8] Suppliers are screened for ESG using a 3rd party supplier risk management software. An attempt is made to screen all eligible suppliers. Not all suppliers are listed in the risk management software resulting in a delta between eligible suppliers screened and suppliers screened for ESG. ESG component of overall risk profile was made available in 2023. Suppliers' screenings may be solicited outside of an eligibility request.

[9] 2020 and 2021 percentages not disclosed due to uncertainty of the total number of suppliers of those years (denominator for accurate percentage calculation).

Abbreviations

AI	Artificial Intelligence	GHG	Greenhouse Gas Emissions	LH2	Liquid Hydrogen
AIP	Approval in Principle	GRI	Global Reporting Initiative	LNG	Liquefied Natural Gas
API	American Petroleum Institute	H&S	Health and Safety	LTIR	Lost Time Incident Rate
BFY	Batam Fabrication Yard	H2	Hydrogen	M3	Cubic meters
CCUS	Carbon Capture Utilization and Storage	HSE	Health, Safety and Environment	MW	Megawatts
CII	Construction Industry Initiative	HVDC	High Voltage Direct Current	MWh	Megawatt-hour
CO2	Carbon	HWAC	Health and Well-being Advisory Council	PAU	Petroleum Authority Uganda
DB 50	Derrick Barge 50	IF-EN	Infrastructure – Engineering & Construction Services metrics	PEM	Proton Exchange Membrane
EIA	Environmental Impacts Aspects	IMCA	International Marine Contractors Association	QHSES	Quality, Health, Safety, Environment, & Security
EPC	Engineering, Procurement and Construction	IOGP	International Association of Oil and Gas Producers	QMW	Qingdao McDermott Wuchuan
EPCI	Engineering, Procurement, Construction and Installation	IPIECA	International Petroleum Industry Environmental Conservation	SAF	Sustainable Aviation Fuels
ERG	Employee Resource Groups	ISO	International Organization for Standardization	SASB	Sustainability Accounting Standards Board
ERM	Enterprise Risk Management	JM	Johnson Matthey	SWO	Stop Work Obligation
ESG	Environmental, Social and Governance	KBR	Kellogg, Brown and Root	TCFD	Task Force on Climate Related Financial Disclosures
FEED	Front-end Engineering Design	KPIs	Key Performance Indicators	tCO2e	Tonnes of carbon equivalent
FPU	Floating Production Unit	L	Liters	TRIR	Total Recordable Incident Rate
FPSO	Floating Production Offloading and Storage	LCH	Low Carbon Hydrogen	UN SDGs	United Nations Sustainable Development Goals

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