



# ESG and TechnipFMC

5<sup>th</sup> Annual J.P. Morgan Energy Technology Tour

Doug Pferdehirt, Chairman and CEO  
November 9, 2020



# Disclaimer

## Forward-looking statements

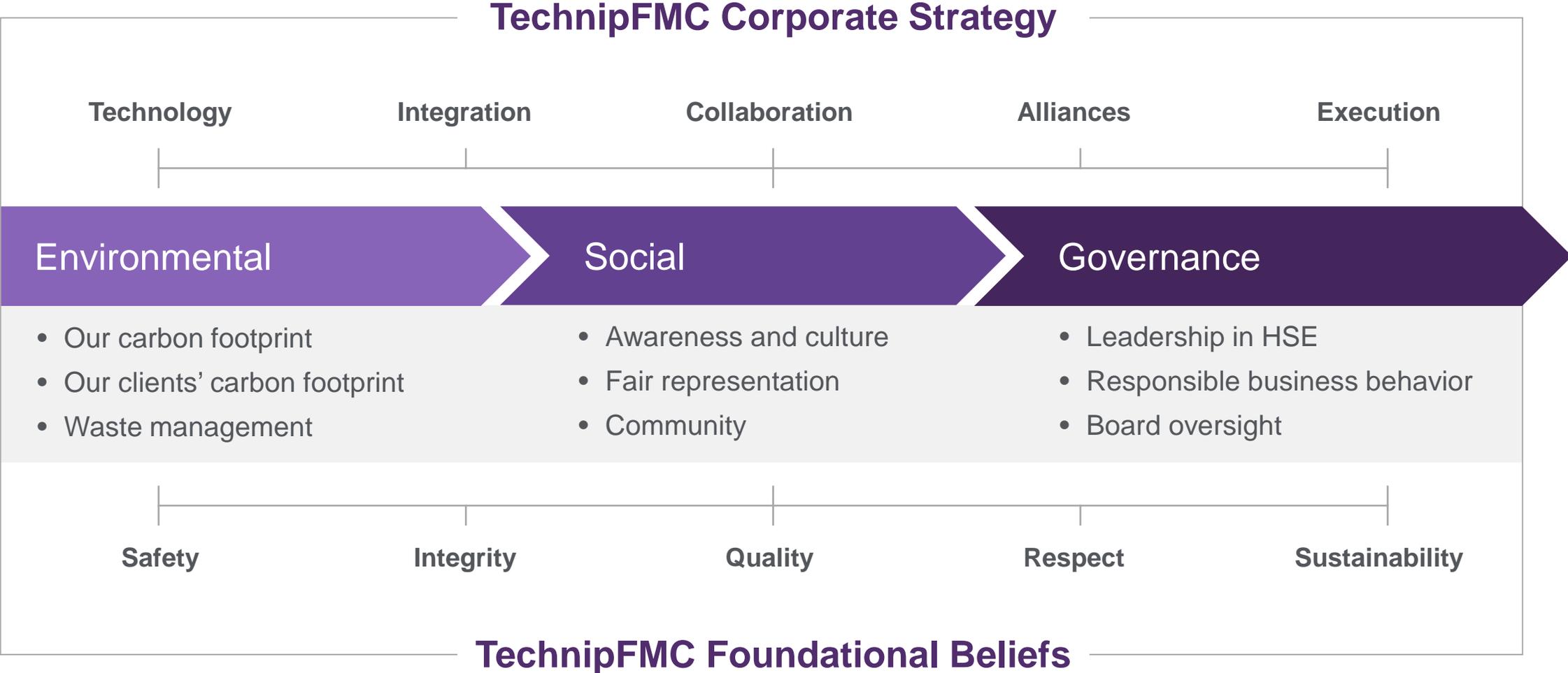
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# ESG and TechnipFMC

Our corporate strategy and foundational beliefs drive our approach to ESG practices



# 2018-2020 accomplishments

## Environmental

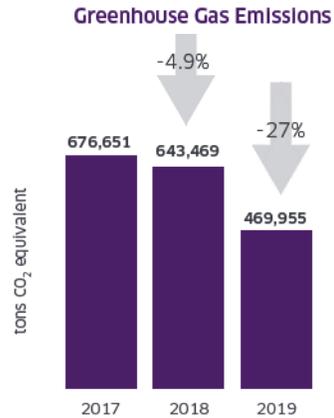
**Goal: Reduce our own carbon footprint**

27%

Reduction in scope 1 and 2 greenhouse gas emissions in 2019 (versus 4.9% in 2018)

76%

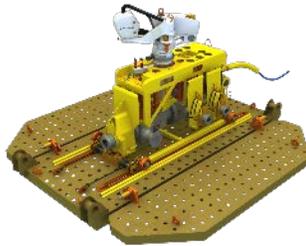
of locations implemented single-use plastic elimination projects in 2019 (versus 28% in 2018)



**Goal: Reduce our clients' carbon footprint**

### Subsea 2.0™

Subsea 2.0™ product platform enables a 50% reduction in size, weight and part count compared to previous design of equipment.



### Carbon Assessment Tool

Introduced to assess key contributors to carbon footprint and identify opportunities to minimize the carbon impact of building and operating a development.

## Social

**Goal: Promote gender diversity and equality**

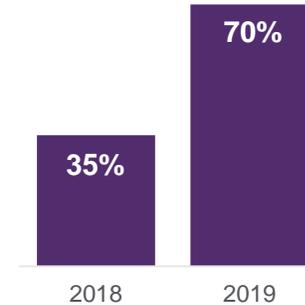
100%

of jobs reviewed to ensure pay equity; completed 2019

22%

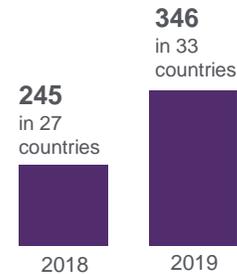
of senior managers in 2019 were women (versus 15% in 2018)

Percent of succession plans including women



**Goal: Make our communities better**

Increasing number of community initiatives



12,650

employees volunteered in 2019 (vs. 2,600 in 2018)

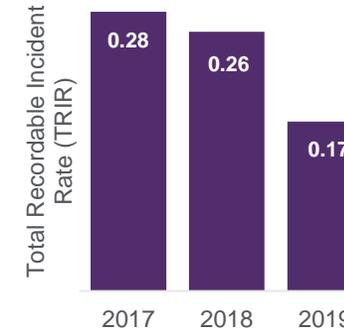
58

STEM initiatives around the world (vs. 14 in 2018)

## Governance

**Goal: Drive HSE to ensure a safe workplace**

Total Recordable Incident Rate (TRIR)



39%

Reduction in total recordable incident rate (2019 versus 2017)

**Goal: Pay for Performance alignment<sup>1</sup>**



<sup>1</sup>Source: Proxy Statement filed on March 13, 2020; two-year TSR performance for 2017-2018

# Our environmental focus on carbon reduction

**50** by  
**30**

**Targeting 50% reduction in Scope 1 and 2 emissions by 2030<sup>1</sup>**



**1**  
Wind



**2**  
Hydro



**3**  
Hybrid / Biofuels

**Utilization of renewable resources for internal energy consumption**

<sup>1</sup>Versus 2017 baseline

# Our commitments 2021-2023

## Environmental

%

### Our carbon footprint

- ▶ Targeting 50% reduction of CO<sub>2</sub> by 2030 (Scope 1 and 2)
- ▶ Establish Scope 3 reduction targets

### Our clients' carbon footprint

- ▶ 33% of **order intake** linked to **lower carbon intensity offerings**
- ▶ Establish **target reduction in carbon intensity** for our clients' offerings – establish baseline in 2020

### Waste management

- ▶ 10% of **waste** from our assets and projects is **recycled and reused**
- ▶ 10% reduction of water consumption

## Social

%

### Awareness and culture

- ▶ 100% of all senior managers trained in **inclusive leadership learning**
- ▶ **Inclusion & Diversity** lens applied to employee benefits and policies

### Fair representation

- ▶ 45% of graduates hired are **women**
- ▶ 20% improvement in under-represented **populations** in senior management

### Community

- ▶ Increase the number of global **STEM initiatives** by 20%
- ▶ Increase the number of employees engaged globally in **volunteering** by 20%

## Governance

%

### Leadership in HSE

- ▶ Continued implementation of **SIF prevention** projects, with goal of reaching 400 projects
- ▶ Industry advocate for IOGP Lifesaving Rules

### Responsible business behavior

- ▶ Implement third-party risk management program, with focus on **human rights** due diligence and audits, on 100% of high-risk suppliers
- ▶ Yearly **ethics and compliance training** for all managerial levels

### Board oversight

- ▶ Define **remuneration** of leadership and senior managers to include linkage to **net carbon footprint**
- ▶ **Governance model** established and reviewed with **Board ESG committee**



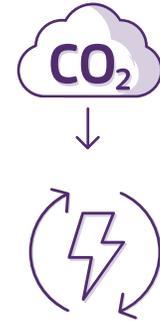
- ▶ Cumulative progress as % of 2023 commitment
- ▶ Updates provided at each Annual General Meeting

# Well positioned to capitalize on the Energy Transition

## Our role and unique capabilities...

- ▶ Engineering
- ▶ Technology / Innovation
- ▶ Project Execution
- ▶ Integrator
- ▶ Infrastructure / Partnerships

## ...enable our approach...



- ▶ Lower carbon solutions
- ▶ Decarbonization initiatives
- ▶ Carbon-free energy opportunities

## ...to deliver real results today and tomorrow.

### Carbon-advantaged solutions

- ▶ iProduction™
- ▶ Subsea 2.0™ / iEPCI™
- ▶ Subsea Studio
- ▶ Subsea robotics
- ▶ Blue hydrogen / CCUS
- ▶ Sustainable chemistry
- ▶ LNG
- ▶ Energy efficiency

### Lower carbon, carbon-free opportunities

- ▶ Green hydrogen solutions
- ▶ Offshore floating wind
- ▶ Tidal / wave energy
- ▶ All-electric subsea field, renewables powered

**TechnipFMC is an ideal partner to transition with our clients**

# Roadmap to cleaner energy

## iProduction™

Carbon-reduction technologies for surface markets

## Biofuels

Biofuel plants and advanced production technologies

## Hydrogen

Proven capabilities and technologies for blue hydrogen

Investing and partnering for the transition to green hydrogen

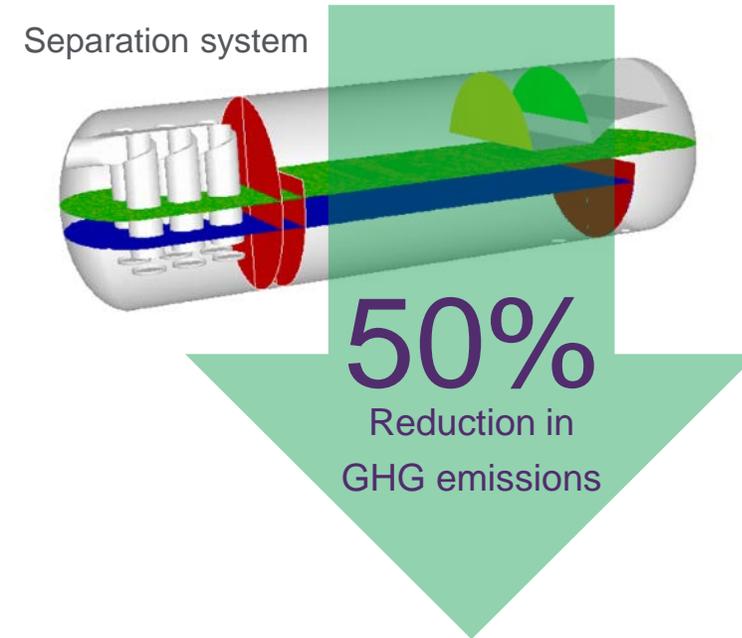
## All-Electric Subsea

Reduced infrastructure for lower carbon development

# iProduction™

## Replicating the Subsea playbook to transform onshore production

- **Proprietary technology** and **integrated ecosystem** streamlines operations; **reduces** footprint, GHG emissions, capital costs, time to first oil
- Integrated offering operates under a single **digital interface**, including our digital twin technology; each site is **monitored** and **controlled remotely**
- TechnipFMC is the only provider to **fully integrate the delivery process** with people, products and services
- Reflects ongoing **strategic shift** from **discrete product sales to fully integrated services** for the global onshore production market



Global opportunity set may exceed \$7 billion through 2030<sup>1</sup>

>50%

Reduction in  
GHG emissions

>30%

Acceleration in  
time to first oil

>25%

Reduction in operator  
capital expenditures

<sup>1</sup>Source: Rystad Energy; McKinsey & Company Energy Insights; TechnipFMC internal analysis

# Biofuels

The technology, know-how and experience to deliver biofuels projects

- **Renewable alternative** to fossil fuels; an advanced solution to meet stringent, medium-term climate targets
- TechnipFMC delivers a wide range of biofuel plants **utilizing advanced proprietary** and **partnership-based technologies**
- **Partner of choice** for Neste's NEXBTL projects
- **Opportunities** in expansions / revamps, refinery conversions and stand-alone projects



Global opportunity set may exceed \$3 billion through 2030<sup>1</sup>

Up to  
**90%**

Reduction in GHG  
emissions<sup>2</sup>

**3**

Reference areas include  
biodiesel<sup>3</sup>, biojetfuel, bioethanol

**2**

World scale NEXBTL biofuel  
refineries delivered

<sup>1</sup>Source: Neste projections for renewable diesel demand to exceed 20Mton by 2030 (Neste Capital Markets Day, March 2020); TechnipFMC internal analysis

<sup>2</sup>Neste's public information regarding NEXBTL renewable diesel; comparison with conventional fossil fuel

<sup>3</sup>Biodiesel references include traditional biodiesel and renewable diesel

# Hydrogen

## Ready for the hydrogen wave

- **Proprietary** technologies and **proven** capabilities to engineer and deliver hydrogen plants
- **Blue hydrogen** is a cost-effective method to produce hydrogen while removing CO<sub>2</sub>; **leader in CCUS** enables robust blue hydrogen offering
- Positioning to be a **leading technology** and **EPC supplier** in green hydrogen; **strategic** partnership with **McPhy** to develop large-scale solutions
- **Complete portfolio of services** include feasibility studies, EPC projects and measurement; both **greenfield** and **retro-fit** opportunities



Structural growth with spend that may exceed \$50 billion through 2030<sup>1</sup>

270+

Plants using proprietary steam reforming technology

35%<sup>2</sup>

Market share leader in grey hydrogen

50+

References for hydrogen plants with CO<sub>2</sub> capture

<sup>1</sup>Source: IEA World Energy Outlook 2020 projected capacity additions of 18Mtpa by 2030; TechnipFMC internal analysis

<sup>2</sup>Market leader position based on installed base of hydrogen plants

# All-electric subsea production systems

## Reducing infrastructure to create low carbon opportunities

- **Infrastructure and installation time reduced** with removal of hydraulic lines, simplified umbilicals and lighter assets
- Enables **full field electrification** of subsea production system, allowing for use of **renewable power alternatives**
- Ideal solution for **long offsets from host facility, Subsea-to-Beach** and **unmanned fields**
- Allows for more robust **digital capabilities** while significantly increasing access to field-specific data

Our vision of Subsea

Incremental tie-back opportunity may exceed \$8 billion through 2030<sup>1</sup>

10%

Reduction in capital expenditures

4X+

Increase in subsea tie-back reach

100%

Fields unmanned through robotics, digital technologies

<sup>1</sup>Source: Rystad Energy; McKinsey & Company Energy Insights: Global Energy Perspective, January 2020; TechnipFMC internal analysis

# Well positioned for the Energy Transition

Significant addressable market opportunities for TechnipFMC through 2030<sup>1</sup>



Integrating subsea technology to transform onshore production

The technology, know-how and experience to deliver biofuels projects

Structural growth opportunity – ready for the hydrogen wave

Reducing infrastructure to create lower carbon opportunities

Global opportunity may exceed **\$7 billion**

Biodiesel opportunity may exceed **\$3 billion**

Blue and green hydrogen opportunity may exceed **\$50 billion**

Incremental tie-back opportunity may exceed **\$8 billion**

<sup>1</sup>Addressable market represents the opportunity that is available to the industry

UN Sustainable Development Goals



# Offshore is the next frontier in the Energy Transition

## TechnipFMC's subsea expertise and ecosystem position us well for the next frontier

- Offshore and subsea will provide significant opportunities in the Energy Transition
- Offshore technologies will require further innovation and greater collaboration to meet decarbonization goals
- Our core competencies and integration capabilities can transform new technologies into commercially viable alternatives

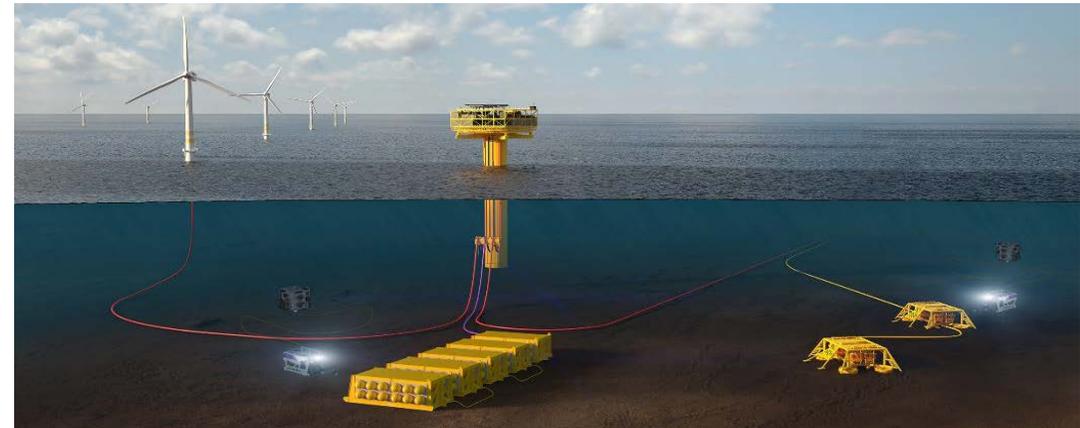
### Core competencies throughout the water column

Automation and Control

EPCI Execution

Digital and Robotics

Subsea Infrastructure



# Deep Purple™ – Redefining subsea energy

Novel wind

Wave energy

## Integrating renewables and hydrogen storage to deliver new energy resources

- Collaboration with clients and partners to make renewables more commercially viable offshore
- Utilize hydrogen fuel cells to store excess power generated from wind and wave resources
- Well positioned in Subsea segment to leverage infrastructure and serve as system integrator

Hydrogen storage

# Our commitment – Driving change in ‘S’



## Workforce of the future

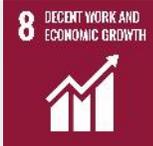
- ▶ Thousands of girls in India are learning about science, technology, engineering and mathematics (STEM) with the help of TechnipFMC
- ▶ A series of initiatives have helped 14,000 girls from lower-income families as we look to advance gender diversity
- ▶ Our flagship India corporate social responsibility (CSR) team won the country’s prestigious National CSR Award in October 2019



## iVolunteer – supporting communities

- ▶ TechnipFMC teamed up with a local NGO to continue its fight against plastic waste with a beach cleanup in Malaysia
- ▶ The cleanup consisted of 300 employees and families coming together to remove micro-waste totaling 217 kilograms
- ▶ Region implemented ‘Say No to Single Use Plastic’ campaign putting a ban to single-use plastic at our offices and facilities

UN Sustainable Development Goals N°1



# Our commitment – Driving change in ‘G’



## Strong safety culture

- ▶ Our response to an outbreak of COVID-19 aboard a vessel earned our company great recognition from our client Royal Dutch Shell
- ▶ Our protocols include systematic testing and/or quarantine pre-boarding, allowing for a consistently safe working environment
- ▶ Our approach has been recognized by customers as unique amongst our peers, with actions to replicate and adopt going forward



## ‘Raise the bar’ on worker welfare

- ▶ TechnipFMC serves on the Board of *Building Responsibly*, a group of leading E&C companies working to promote workers’ rights and welfare
- ▶ Launched in February 2017, *Building Responsibly* member companies now represent over 1,000,000 direct employees across the globe
- ▶ We are advancing efforts to address human rights risks by incorporating our requirements at the project level and throughout the supply chain

UN Sustainable  
Development  
Goals

3 GOOD HEALTH  
AND WELL-BEING



8 DECENT WORK AND  
ECONOMIC GROWTH



10 REDUCED  
INEQUALITIES



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



# Driving sustainable change, delivering real opportunity



Meeting our commitments

Positive impact on our Company,  
industry and communities

Driving sustainable change

50% reduction in CO<sub>2</sub>  
equivalent emissions by 2030

Delivering real opportunity

Play a material role in the  
energy transition today

# Glossary

<b>Term</b>	<b>Definition</b>	<b>Term</b>	<b>Definition</b>
<b>Bcm</b>	Billion Cubic Meters per Annum	<b>iLOF™</b>	Integrated Life of Field
<b>CCUS</b>	Carbon Capture, Utilization and Storage	<b>IOGP</b>	International Association of Oil & Gas Producers
<b>E&amp;C</b>	Engineering and Construction	<b>LNG</b>	Liquefied Natural Gas
<b>ESG</b>	Environmental, Social and Corporate Governance	<b>MMb/d</b>	Million Barrels per Day
<b>FLNG</b>	Floating LNG	<b>Mtpa</b>	Million Metric Tonnes per Annum
<b>GHG</b>	Greenhouse Gas	<b>NAM</b>	North America
<b>HSE</b>	Health, Safety and Environment	<b>NGO</b>	Non-Governmental Organization
<b>iEPCI™</b>	Integrated Engineering, Procurement, Construction and Installation	<b>ROV</b>	Remotely Operated Vehicles
<b>iFEED™</b>	Integrated Front End Engineering and Design	<b>SIF</b>	Serious injuries and fatalities
		<b>STEM</b>	Science, Technology, Engineering and Mathematics



TechnipFMC