

FALL 2020 WASHINGTON REPORT

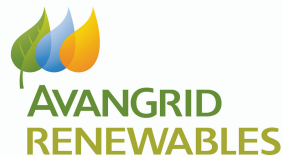
WASHINGTON REPORT
NOVEMBER 2020



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THANK YOU TO THE NOIA FALL MEETING SPONSORS:



A large offshore oil rig is shown at sunset, with the sun low on the horizon and the sky filled with orange and yellow clouds. The rig's complex structure of yellow and grey metal beams and pipes is silhouetted against the bright sky. The rig is situated in the middle of the ocean, with waves visible in the foreground.

WASHINGTON REPORT

The National Ocean Industries Association (NOIA) hosted its first entirely virtual Fall Meeting on October 20-21, 2020, with approximately 125 industry executives, business leaders, technical experts and government representatives tuning in from across the United States to participate.

This year's presenters contributed to a robust and diverse program with their insights on Environmental, Social & Governance (ESG) issues, the looming 2020 presidential election, and the technology advancement and innovation that will help to sustain this essential industry sector.

Galen Cobb, Halliburton vice president of industry relations and NOIA 2020-2021 chairman, set the scene for the annual Fall Meeting with a reflection on the words, that have come to define current conditions:

"Unprecedented, Uncharted waters, and a New Normal."

Cobb pointed out the unprecedented economic conditions that have reintroduced industry belt-tightening, the uncharted waters of a changing operating landscape, and the uncertainty of the upcoming presidential election, which will establish a new normal.

According to Cobb, this year's meeting reflects a "moment of industry unity" during which members once again join forces in the fight for essential ocean industries.

In the face of these formidable challenges, Cobb said, "The industry is doing what it does best – adapt."



FRANK LUNTZ

POLLSTER

In a presentation about the upcoming presidential election, pollster Frank Luntz explained why he projects a Biden win for the presidency on the basis of current poll results and shared his views on how the offshore industry should position itself for a Democrat victory.

Describing Biden as a centrist, Luntz told conference attendees the real threat to industry would come from a left-leaning Congress rather than the White House. “If you’re nervous, be nervous. Be incredibly nervous,” Luntz said.

Luntz’s comments also spoke directly to the title of his presentation, “Words that Will and Won’t Impact the Presidential Election,” giving as an example the expression “law and order” (with its negative connotation) in contrast to “public safety” (which carries a more positive message) and explaining how those images impact voters. The terminology for the

offshore industry has the same potential to impact people positively or negatively, Luntz said. He believes “offshore drilling” conjures an image of drilling rigs visible from the shore and beaches polluted with oil, while “deep sea exploration” conveys an impression of advanced technology and environmental responsibility.

Luntz also suggested the offshore industry would benefit from changing the narrative of its messaging from being essential to the economy to being essential to national security. Americans are concerned about the energy supply chain and want to move it back to the United States, he said.

A change in the direction of its messaging would enable NOIA to promote itself as an organization dedicated to improving energy security for the country.



PAULA GLOVER

AMERICAN ASSOCIATION OF BLACKS IN ENERGY

Paula Glover, president and CEO of American Association of Blacks in Energy (AABE), shared insights on inclusion as well as advice on how companies can realize their goals for diversity in the workplace.

Glover opened her presentation by sharing stark statistics from the 2015 United States Energy Information Administration (EIA) “Residential Energy Consumption Survey,” which reported 25% of US households are energy insecure and that black and brown communities are over-represented in this group, with 40% of Hispanic and 50% of Black households paying a bigger percentage of income for energy than other communities. With the pandemic this year, minority households often are deciding between paying for energy and paying for food or health care, she said.

Glover suggested that in the challenging environment created by the pandemic – a time during which time seems to have slowed down – “We’ve been given time to set the reset button.”

This is the time to lean in as an industry and do more to provide equity, she said, suggesting five practical things companies can do to address minority under-representation:

1. Create inclusive environments and “move with grace” when difficult conversations arise
2. Recruit talent from historically black universities and minority serving institutions
3. Create a path to leadership for minorities
4. Evaluate subcontractor relationships and spend equitably with minority-owned businesses
5. Establish scholarships, internships, and mentorships specifically for minority students.

Glover believes NOIA is perfectly positioned to promote the type of improved engagement that can lead to substantive change.

“If we do this work well, it’s an opportunity for us to stretch and grow our businesses,” she said. “We are all in this together.”



DANIELLE SUGARMAN

BLACKROCK

Danielle Sugarman, director of investment stewardship at BlackRock, drew on her expertise in climate change, sustainability, and environmental and securities law, to share valuable advice about corporate strategies for managing and reporting ESG performance in what has turned out to be a very difficult year.

While the pandemic left no company unimpacted, Sugarman said, “I don’t think any other industry has had a more challenging year than the energy industry.” Even in the face of significant financial challenges, however, companies are still expected to demonstrate their ESG performance.

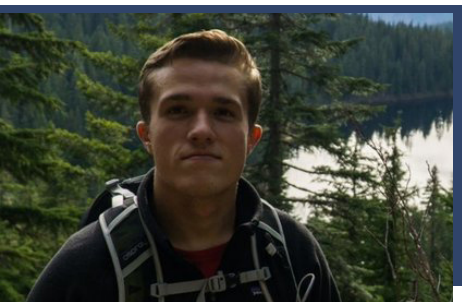
Although the United States withdrew from the Paris Climate Agreement, investors expect companies to observe the tenets of the accord, Sugarman said, which means US companies still must demonstrate compliance. A company needs to publicize its corporate strategy, explain how the Board of Directors oversees it and how senior management communicates with the Board, and outline the substantive action it is taking to address climate risk. This is a tall

order, she said, but a company can create a compelling story by taking advantage of publicly available ESG reporting resources.

One of the resources Sugarman suggested is the Taskforce for Climate-Related Financial Disclosure, which she described as having a “nimble framework” that makes it applicable to a range of sectors. She also encouraged companies to make use of the information provided by Sustainability Accounting Standards Board, which provides industry-specific sustainability accounting standards that help companies disclose ESG information. While using these sites is not mandatory, she said, doing so can be helpful in demonstrating how a company is addressing climate risk.

There are always going to be reporting challenges, Sugarman said, but she encouraged companies to make the effort to leverage ESG to differentiate themselves.

“Companies that excel have a lot to gain,” she said. “This is an opportunity to lead, not the death knell for the industry.”



BENJI BACKER

AMERICAN CONSERVATION COALITION

President and Founder of American Conservation Coalition (ACC)

Benji Backer, a recent university graduate and self-described “Gen Z-er” shared his views on how younger voters perceive climate change issues and how the energy industry can help shape the future of energy policy.

According to Backer, it is important to understand that climate change is not a “left” or “right” political issue for voters under 35. It is a genuine concern. Statistics show that 81% of voters in this age group say climate change is an important consideration in determining how they vote, and 85% of young conservatives would be more likely to support a Republican candidate who had a climate plan, he said.

ACC is working to build a coalition committed to finding realistic, market-based solutions and helping to enact policy focused on climate reversal.

Cooperation is critical if the nation wants to get environmental initiatives across the finish line, Backer said, and there is an opportunity for the industry to play a leading role in changing the dialogue by taking a proactive role, helping to find solutions, building trust, and being inclusive in considering the role of all energy sources in defining the future of energy.

“We need to have a common-sense climate plan” that includes innovation and technology, he said, and there is an open window of opportunity now to be part of the solution. The offshore industry can take a leadership role in creating a, “pragmatic, center of the road, market-based economically sound approach” to solving climate challenges, he said.



SENATOR LISA MURKOWSKI

Senator Lisa Murkowski (R-AK) took time out of her demanding schedule to share a few minutes with NOIA to talk about the state of energy legislation in Washington, D.C.

Murkowski started by sharing positive news, pointing to a recent McKinsey report that says the United States is in a position to accelerate energy growth. She identified opportunities she hopes will be expanded through the Offshore Act of 2020, which include offshore wind energy, and talked about the role of technology in the industry's future.

Senator Murkowski believes technology development will be vital to the future of energy in the United States. She said she is, "looking to innovative offshore technologies that can expand the energy mix," and talked about her participation in a recent discussion that examined emerging technology for offshore wind, marine, and hydrogen development.

Unfortunately, her message was not all good news. Murkowski acknowledged the constraints placed on the industry by leasing moratoria on the Atlantic Coast and Eastern Gulf in the Lower 48 as well as the restrictions against exploration in the Beaufort and Chuckchi seas. Despite the challenges, she is optimistic about the energy industry and affirmed that she is, "committed to continue to push for industry" in Washington.

"All of us would agree that it's hard to know what the end of this year will hold and what 2021 will look like," Murkowski said, "but I will be working hard to advance our shared priorities," she said.

Working alongside NOIA to promote the energy industry, Murkowski realizes the value of continuing teamwork. She described the organization's efforts as "critical to conservation efforts across the country," and concluded her remarks with a word of gratitude, saying, "Thanks for all you do."



DR. JOHN FLEMING

WHITE HOUSE DEPUTY CHIEF OF STAFF

White House Deputy Chief of Staff Dr. John Fleming gave NOIA attendees an insider's look at energy policy in the Trump Administration and reinforced the president's commitment to domestic energy development.

"The president is a huge supporter of energy," Fleming said. "As a businessman, he understands we have to protect the environment but at the same time, we have to do things that make sense economically."

The Trump White House believes streamlining the industry is not just about cutting corporate taxes but also about cutting regulations that delay permitting and stymie development. Reform is well underway, Fleming said. "The president had a goal of removing three regulations to every new one introduced. We far surpassed that goal. We're up about 13:1," he said.

There also is enthusiasm in Washington, D.C. for technology innovation that will help reduce emissions and pollution from exploration and development activity.

"The greatness of America is innovation," Fleming said. "We believe in smart ways of rebalancing the economy. We don't have to put handcuffs on energy. We don't have to suffer economically and kill jobs."

Technology will allow the industry to improve the environment without hurting profitability.

"By putting more and more science into place, we can totally rebalance the disparities or problems, making the air cleaner than ever and the water cleaner than ever and challenge other countries to do the same," Fleming said.



REAR ADMIRAL TIM GALLAUDET NOAA

NOAA Administrator Rear Admiral Tim Gallaudet, Ph.D., rounded out the meeting on a positive note, telling participants that NOAA is a “big fan” of the offshore industry and sharing interesting information about NOAA’s current technology program.

Gallaudet explained that his work within the organization focuses on transformational technology sectors, such as uncrewed systems – unmanned aerial vehicles (UAVs), remotely operated vehicles (ROV)s and autonomous underwater vehicles (AUVs) – the commercial cloud, artificial intelligence, crowd sourcing, and the application of gene sequencing in offshore areas.

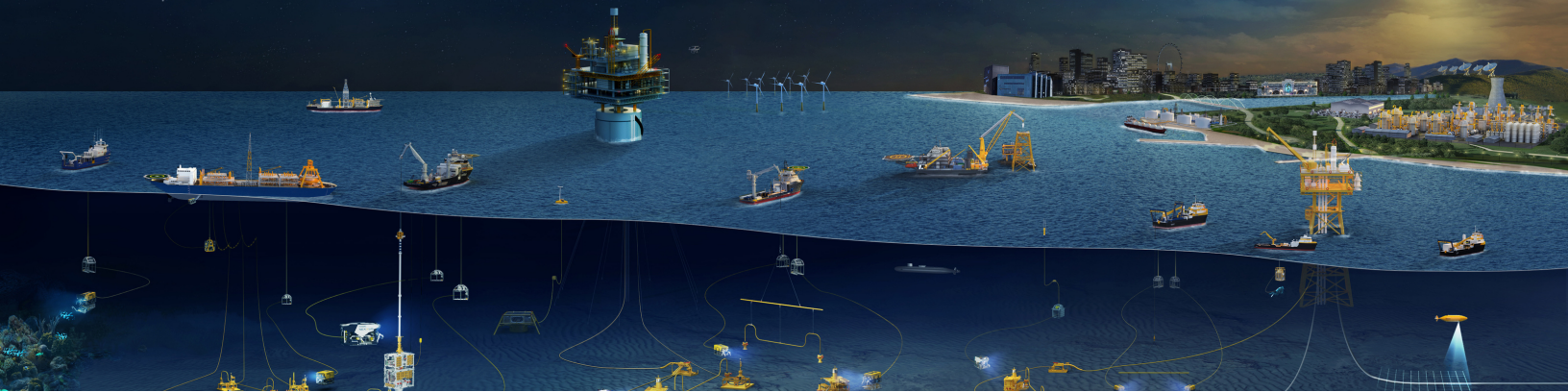
According to Gallaudet, NOAA is pursuing a host of technology advancement goals through the Blue Economy Initiative, which is pioneering innovations in ocean mapping and exploration, seafood

competitiveness and economic growth, and conservation of protected species.

Gallaudet shared information about multiple partnering projects the organization is involved in, developing technologies ranging from deep-diving ROVs to robotics to AI. A project with Viking Cruise Line is promoting science that advances ocean health, while another is working toward tsunami prevention for a newly endangered area by improving bathymetry data.

The goal of the program is to build knowledge that will enable safe offshore activity.

“Not having holes in our understanding helps determine how we can sustainably develop alongside ocean preservation efforts,” Gallaudet said. “We’re about the data.”



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SAFETY IN SEAS AWARDS

Rick Martin, vice president of Compass Publications Inc. presented this year's Safety in Seas awards on behalf of the company and Sea Technology magazine, recognizing NOIA's safety leaders for excellence in improving safety offshore. For the last six years, awards have been conferred in two categories, Culture of Safety and Safety Practice. A selection board comprising safety experts from the Bureau of Safety and Environmental Enforcement and the United States Coast Guard chose this year's winners.

Judges selected Oceaneering from a field of 14 candidates to receive the Safety Practice Award, which recognizes technology approaches, methods, or projects with direct and demonstrable impacts on improving safety. Oceaneering's Liberty™ E-ROV subsea vehicle was this year's winning technology.

Through a video, Oceaneering Liberty Project Manager Arve Iversen explained some of the advantages delivered by an ROV that can be fully piloted from shore, requiring no personnel on the vessel. Remote operation delivers a 75% reduction in vessel and crew support and eliminates 1,400 tons of CO2 emissions, Iversen said, noting that the E-ROV concept also increases the applications for other ROV systems and deployments, including subsea sensors, pumping systems and monitoring equipment.

This year's Culture of Safety Award went to Danos for establishing an institutional safety culture through behavior-based safety programs and innovation that includes virtual reality for enhanced worker training and augmented reality to improve work processes.



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SAFETY IN SEAS AWARDS (CONT.)

Danos employees logged a company record 8.9 million manhours (a 35% increase over the previous record) recording a 0.11 total recordable incident rate, another company best.

President Paul Danos accepted the award, and Isaac Dantin, safety manager, explained how a focus on workers in the field has improved the safety culture of the entire company by empowering employees to take personal responsibility for safety through safety action planning, site visits and audits that engage people on the ground and encourage accountability. The key to improving safety at Danos is communication, Dantin said. “If we lose the value of face-to-face conversations with our employees and customers, we lose our ability to improve safety.”



DANOS WORKERS USING VIRTUAL REALITY TRAINING



THE OCEANEERING LIBERTY E-ROV SUBSEA VEHICLE

ABOUT NOIA

MISSION

NOIA represents and advances a dynamic and growing offshore energy industry, providing solutions that support communities and protect our workers, the public and our environment.

VISION

NOIA is the sought-after and credible voice, advocate and forum for uniting and advancing the interests of the offshore energy industry, recognized for promoting solutions that provide the energy vital for lifting society in a safe and environmentally sustainable way.

THE OFFSHORE STORY

- We lift society by producing the energy that is essential for a high quality of life, helping to reduce poverty and hunger and improving health and well-being.
- The offshore will help drive future energy production, providing oil, natural gas and wind energy for a growing U.S. and global population that will continue to rely on offshore energy resources for decades to come.
- We support hundreds of thousands of high-paying jobs across the country.
- We support and fund educational opportunities and institutions.
- We are the Innovators, focusing on Environmental, Social & Governance (ESG) and advancing technologies to solve the greatest energy challenges, including expectations for reduced emissions.
- From our experience, offshore safety has been enhanced through improved technologies, best practices, and safety systems.
- We continuously improve the safety and environmental performance of our operations so that our workers and communities are protected and that our environmental footprint continues to decrease.
- The offshore energy industry operates pursuant to robust regulation and enforcement.
- We promote and enhance U.S. national security by producing oil and natural gas here at home, decreasing our reliance on foreign energy sources.
- Our energy production provides tremendous revenues for federal, state, and local governments, and for the Land and Water Conservation Fund.
- Offshore oil and gas and wind projects require massive investments and produce energy for long periods of time, resulting in substantial benefits for the American public in the form of high-paying jobs, government revenues, reliable and stable energy supplies, and energy and national security.



NOIA represents and advances a dynamic and growing offshore energy industry, providing solutions that support communities and protect our workers, the public and the environment.

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