

A FOCUS ON WHAT IS IMPORTANT



2017 SUSTAINABILITY REPORT

KBR

We Deliver

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About this Report

Information presented in this Sustainability Report covers the Company’s sustainability profile for environmental, social, and governance performance during calendar year January 1, 2017 to December 31, 2017. The report encompasses all business units owned by KBR, Inc. globally including joint ventures. All data should be assumed to be global and as of December 31, 2017, unless otherwise noted. An exception is our discussion of material topics on page 14, as we included this in 2018, to be in accordance with the Global Reporting Initiative (“GRI”) Standards Core. This report was published March 1, 2019.

This report has been prepared in accordance with the GRI Standards: Core Option. As required, our content reports on KBR’s material topics and related impacts, as well as how these impacts are managed. This report is prepared under the direction of the Vice President of Public Law and the Health, Safety, Security, Environment and Social Responsibility Committee of KBR’s Board of Directors.

External assurance has been limited to financial data as reported, which is certified in our **2017 Annual Report and Form 10-K**.

For more information about our Company, please visit our corporate website at: www.kbr.com. Additional information about KBR’s 2017 operations, consolidated entities and financial performance is available in our 2017 Annual Report and Form 10-K, available for download at kbr.com.

KBR has reported annually since 2013 under the GRI G4 Core guidelines. The last report was published in 2017. The GRI™ is a third-party organization and the world’s most widely-used sustainability reporting framework. We intend to report annually.

If you have questions on this report please email us at Investors@kbr.com

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MESSAGE FROM OUR CEO

A Focus on What is Important



“

We are proud of our long history of supporting critical work to benefit the lives of people. As a Company, we believe good corporate citizenship is essential and our employees take great pride and delight in giving back and helping others.

”

As we look around the world today, every country is affected by climate change, increased unpredictable security threats and economic uncertainty. People are experiencing the significant impacts of climate change, including changing weather patterns, rising sea levels and extreme weather events, disrupting their lives and the economy. Besides the environment, public safety and national security have become a main focus globally and countries are investing in expanding their space-based reconnaissance, communications and navigation systems in terms of numbers of satellites, breadth of capability and applications for use of safety and security.

We take great pride in our role to support industries, governments and citizens around the world to achieve the greatest advancements economically, socially and environmentally. Our mission and values guide us in our purpose to focus on what is important and to progress in economic growth, social inclusion, environmental protection, physical and digital safety and life conditions.

Our strategic acquisitions demonstrate our mission to strengthen our ability to improve communities, sectors and geographies we serve. In addition, our use of advanced technology solutions ranging from life and physical science and cybersecurity to satellite communications improves citizens' overall quality of life. Our values were recently exemplified when our employees donated approximately \$81,000 and 2,200 Paid Time Off hours to the KBR Disaster Relief Fund to help our KBR family rebuild their lives after suffering the impact of Hurricane Harvey. KBR donated \$500,000 to the KBR Disaster Relief Fund to fund this effort as well. I am extremely proud of our employees' continuous commitment to support our principles.

Since I joined KBR in 2014, we increased our focus on the fundamental importance of operating safely and responsibly as we care about our people and all other stakeholders. In 2017, we achieved a 9% reduction in the total recordable incident rate from

last year and a 49% reduction since we introduced our “Zero Harm” concept in 2014. Despite these improvements, we can do better and will continue our focus on the fundamental belief that Zero is indeed achievable.

Through open and transparent engagement with our stakeholders we understand their perspectives on important governance, environmental and social issues. We have developed core topics on which this report gives insight into how we apply our principles to do business ethically and responsibly, become a world-class employer and empower employees to impact our planet and its citizens.

We are dedicated to making a difference in the world and we strongly believe that business growth should not be at the expense of people or the planet. We recognize our role to play and that we have work to do and therefore embarked on the journey to further enhance our sustainability strategy, goals and performance measures. Looking ahead we will continue our focus on what is important to our stakeholders and to our sustainable business. I hope this report will provide you the insight of our collaborative actions for a brighter and more sustainable future for all.

Stuart Bradie
KBR, Inc. President and Chief Executive Officer

MESSAGE FROM OUR FORMER AND CURRENT HEALTH, SAFETY, SECURITY, ENVIRONMENT AND SOCIAL RESPONSIBILITY COMMITTEE CHAIRS

As a critical part of KBR's governing oversight, our continued focus is to ensure that we have an effective governance structure in place to assess and monitor risks associated with our stakeholders' concerns. The health, safety, security, environment and social responsibility ("HSSE&SR") Committee is committed to advance KBR's sustainability focus and approach in order to become a world-class contractor and employer.

Throughout 2017, KBR delivered on this goal, and several examples are outlined in this document, which serves as a report card on our sustainability approach and accomplishments throughout the year. Highlights include:

- Continued focus on promoting a diverse workforce by appointing our second female board member, General Wendy Masiello, USAF (Ret.), and establishing our third chapter of ASPIRE in India. ASPIRE, which also has chapters in the U.S. and U.K., is an employee resource group that promotes women and minorities in leadership. More information is included in the Inclusion and Diversity section on page 34.
- A 49% improvement of our total recordable incident rate since the inception of our Zero Harm safety initiative in 2014. In addition, we increased our network security protection to address cyber threats and we increased employee data protection measures to be in compliance with the European Union's General Data Protection Regulation and become certified with the EU-U.S. Privacy Shield. More information is included in the Information Security section on pages 24-25.
- Added value to our customers' efforts in reducing their environmental footprint and preserving our planet through developing energy and cost savings tools and by protecting biodiversity at the sites we operate. More information is included in the Operating Responsibly section on pages 27-30.

- Implementation of the KBR AIM Talent Reward Tool, a global tool that supports employee performance, learning, career, talent and succession and compensation management. More information is included in the Employer of Choice section on page 32.
- Review of existing Company policies in order to increase focus and awareness on **Human Rights**, especially harassment and equality. More information is included in the Governance and Human Rights sections on pages 9 and 35.

In 2017, KBR used the GRI Core Standard of reporting for the first time after using the G4 Standard since 2004. We performed an assessment of our stakeholders' concerns and the material impact on KBR's business and stakeholders' decisions, which drove the content for this report. We started our discussions regarding enhancing KBR's sustainability strategy and approach and realize that we have an exciting journey ahead as we embrace our responsibility and commit to delivering a sustainable future for KBR, the world and its citizens.

As the new Chair, I would like to thank General Lester Lyles, USAF (Ret.), for his service as Chairman of the HSSE&SR Committee for the past seven years. We will continue with increased efforts to embed sustainability in all our processes.



Ann Pickard
Committee Chair



General Lester Lyles, USAF (Ret.)
2017 Committee Chair



KBR's HSSE&SR Committee from top left: Umberto della Sala, General Lester Lyles, USAF (Ret.), Mark Baldwin, General Wendy Masiello, USAF (Ret.), Ann Pickard

OUR COMPANY

A leading provider of full life-cycle professional services, project delivery and technologies supporting the government services and hydrocarbons market, creating exceptional value for customers, employees and stockholders.



Approximately
31,000
Employees Worldwide
Including Joint Ventures



Industry Leading
Safety Record
0.215*
Total Recordable
Incident Rate



*Refer to page 22 for detailed safety performance records compared to the industry.

Our Global Footprint

We help advance our clients, citizens and the planet around the world. The map below shows our key projects and office locations at the end of 2017.



KBR's Value Chain

We deliver solutions to some of our clients' most complex problems, recognizing opportunities for impacting and improving the environment and people's lives in the safest way. Our services and the sustainability value we offer are illustrated below.

GOVERNMENT SERVICES



OPERATIONS & LOGISTICS

We provide critical operations and logistics support globally to government missions and militaries, from supplies and maintenance to the management of base operations and critical assets, beyond land and sea to air and space.



ENGINEERING

From fighter aircraft and combat vehicles, to missile defense systems and the International Space Station, our engineering solutions optimize performance and modernize and increase capability and functionality.



LIFE & PHYSICAL SCIENCE

We offer expertise in spaceflight medical care, scientific research to optimize human performance in extreme conditions, monitoring seismic activity and biological, chemical and nuclear threats, earth science and research of environmental and climate issues.



PROGRAM SUPPORT

We help ensure the successful delivery of many of the world's largest and most important government programs, from science and public works to weapons systems and military aircraft and watercraft, as well as mission planning and execution support.



TECHNOLOGY

From cybersecurity and software to satellite communications, we provide mission-critical spacecraft operations and ground systems support and space communications expertise. We support scientific research to public safety and national security programs.



SUSTAINABILITY VALUE

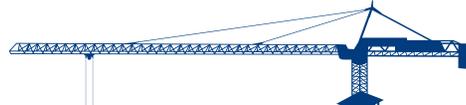
We support governments and government agencies to protect their citizens' lives and identity, their nation's secret political, military and infrastructural assets and our planet and people from the effects of degradation and disasters.

ENGINEERING & CONSTRUCTION



ENGINEERING & PROCUREMENT

Our experience spans the entire range of the energy services cycle – from feasibility studies and front-end designs through global procurement and logistics, direct hire construction and construction management in order to deliver procurement strategies to reduce supply chain costs and deliver the lowest total cost of ownership for our clients' projects.



CONSTRUCTION

We offer pre-construction and constructability planning that seeks out the most efficient construction approach throughout projects, using completion-driven tools that promote schedule certainty, to execute projects safely, cost effectively and reliably anywhere in the world.



INFRASTRUCTURE

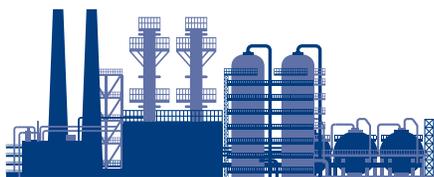
From safe and reliable water supplies, state-of-the-art health and educational facilities to efficient transport systems and clean energy, we support clients to deliver vital infrastructure consulting services to private and public sector clients to deliver projects of any size in both urban and remote environments.



SUSTAINABILITY VALUE

We assist our customers with building plants and infrastructure in their efforts to generate clean energy while strongly supporting the use of natural gas and increase access to civil and humanitarian life conditions.

TECHNOLOGY & CONSULTING



TECHNOLOGY

We provide the technology to commercialize customers' valuable resources and plants, facilities and infrastructure, from building platforms out of sight of land to fertilizer production through the creation of ammonia processes, to pioneering the Liquefied Natural Gas (LNG) industry and designing and constructing LNG production.



CONSULTING

Our customized consulting solutions improve development cycles, enhance safety and efficiency, maximize the potential of our clients' assets and deliver value at every stage of the hydrocarbons project lifecycle and our expertise ranges from upstream consulting, downstream consulting, LNG/ gas monetization consulting to specialty consulting, where we help evaluate assets and create cost-effective strategies.



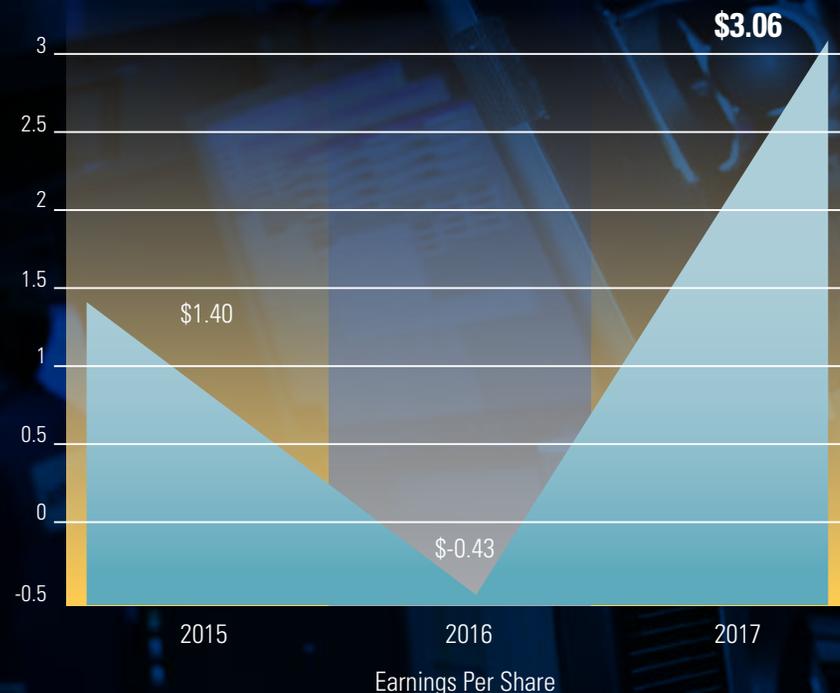
SUSTAINABILITY VALUE

We support farmers around the world by providing them with crop protection solutions through fertilizer production. Additionally, we invest in health research and development including reducing antibiotic use in livestock.

2017 FINANCIAL PERFORMANCE

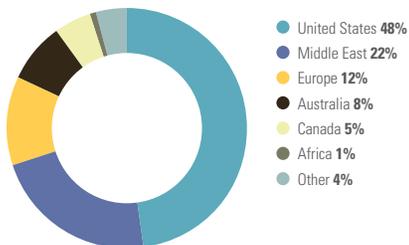


2017 marked our most financially successful year since we implemented our strategic plan in 2014 and we continued to increase returns to our stockholders.

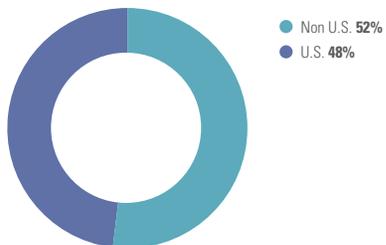


REVENUE MIX

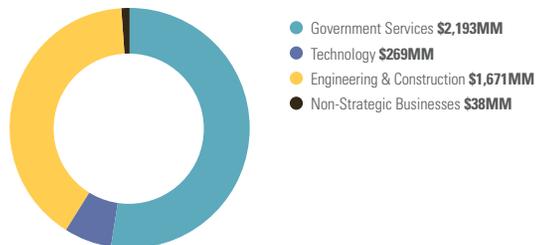
By Geographic Location



U.S. vs non-U.S.

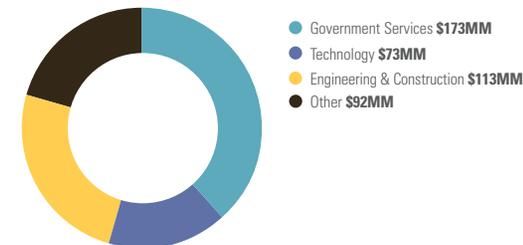


By Segment



OPERATING INCOME

By Segment



GOVERNANCE

Governance is about ensuring that we act with integrity and live up to the high standards we set on health, safety, the environment and on our relationship with people, communities and other stakeholders. In 2014, we introduced "ONE KBR", which drives how we approach our business and how we deliver value to our customers and other stakeholders and includes our **mission, vision and values**. Our strategy involves linking these to our stakeholders' concerns in order to become the world's best contractor and employer of choice.

The Board has oversight of KBR's governance, risk management and compliance practices and processes. A full description of the Board's responsibilities, committees, remuneration and biographies are available in our 2018 Proxy Statement.

HSSE&SR Committee Activities in 2017

- Reviewed and discussed HSSE&SR-related topics and monitored major issues of public concern relevant to KBR;
- Reviewed formal updates on our Company's HSSE&SR performance including our safety performance, security program initiatives, sustainable development program initiatives and charitable and political giving and ensured compliance and related risks were monitored;
- Discussed the increasing global awareness of equality and harassment and reviewed the scope and coverage of these topics in our Company policies with our general counsel;
- Discussion about KBR's corporate sustainability strategy;
- Provided feedback on our materiality assessment outcome, which drove the content for this report.

Our Board



- Strong Ethics and Integrity
- Qualified
- Relevant Expertise to KBR



- Extensive Experience
- Diverse Backgrounds
- Dedicated



- Performance Evaluations through Annual Self-Assessments



Mission

To safely deliver any project, any time, in any environment for the benefit of our customers, shareholders, employees and the communities we serve.

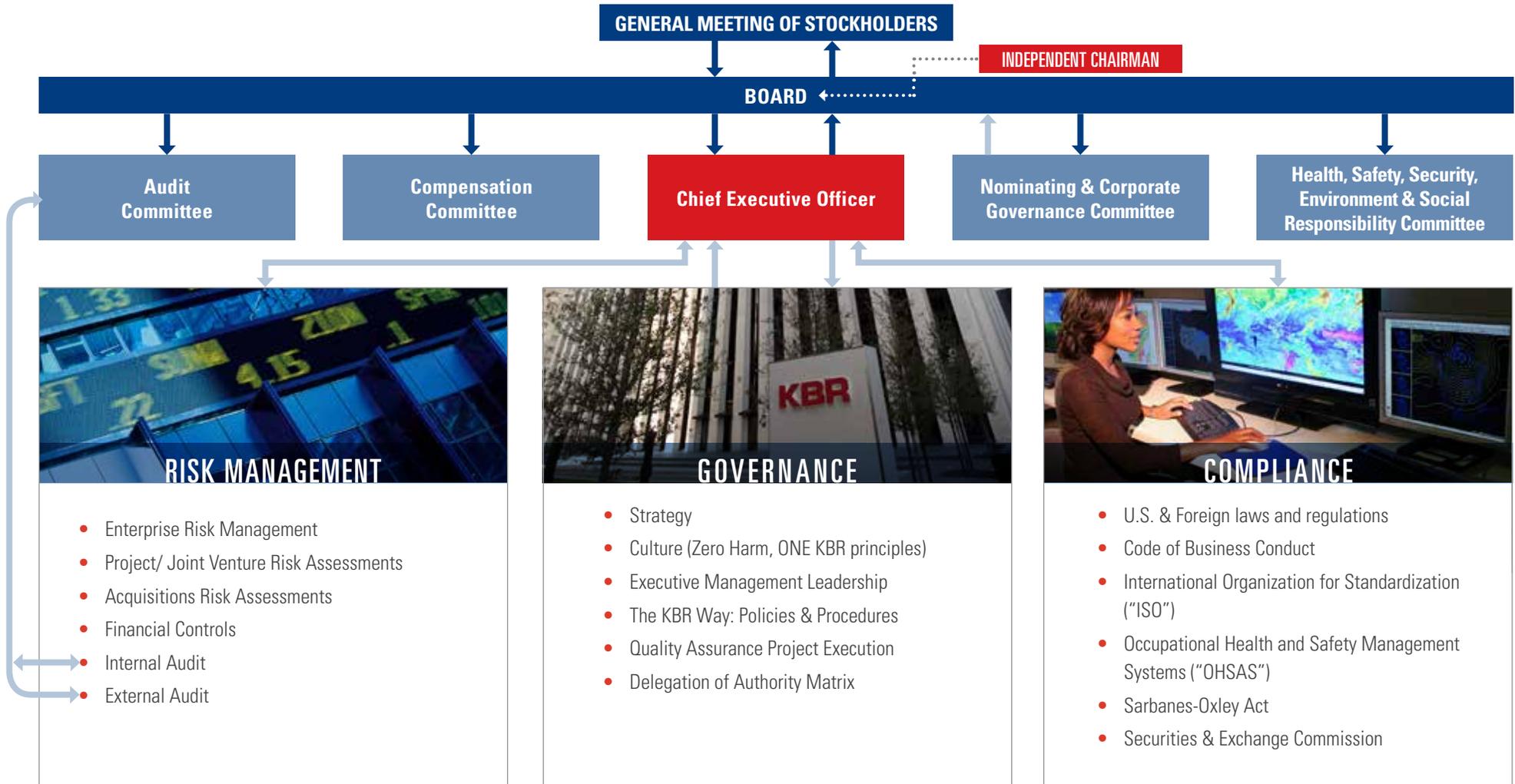
Vision

To be the world's contractor and employer of choice by safely and consistently delivering successful and innovative capital projects and services anywhere in the world.

Values

- Uncompromising commitment to quality, health, safety and the environment
- An open relationship with our employees based on mutual trust, respect and success
- Transparency, accountability and discipline in our business
- Best in class risk awareness
- Integrity in all we do
- Financial responsibility to our stakeholders

Our corporate governance model is the mechanism used by our Board and management to translate elements of the governance framework and policies into practices, procedures, and job responsibilities within our corporate governance infrastructure and is illustrated below.



OUR SUSTAINABILITY FOCUS

To position KBR for long-term success, we need to focus on ingraining sustainability in all of our daily business operations. Our people participate in a large number of initiatives; however, we realize that we need a global approach to contribute more meaningfully to global progress by 2030, as envisioned by the United Nations Sustainable Development Goals ("SDGs"). We intend to use the SDGs as a valuable roadmap to align our strategy and achieve the greatest positive impact. We will also incorporate the Sustainability Accounting Standards Board's guidelines to identify, manage and report on the sustainability topics that matter most to our investors. While performing our materiality assessment for 2017, we defined the following sustainability pillars, which will be leading us on our journey to develop our sustainability strategy, goals and performance measures in future years:

OPERATING WITH INTEGRITY



Encompasses our risk and control framework to mitigate non-compliance risk with laws and regulations and to maintain our license to operate.

OPERATING RESPONSIBLY



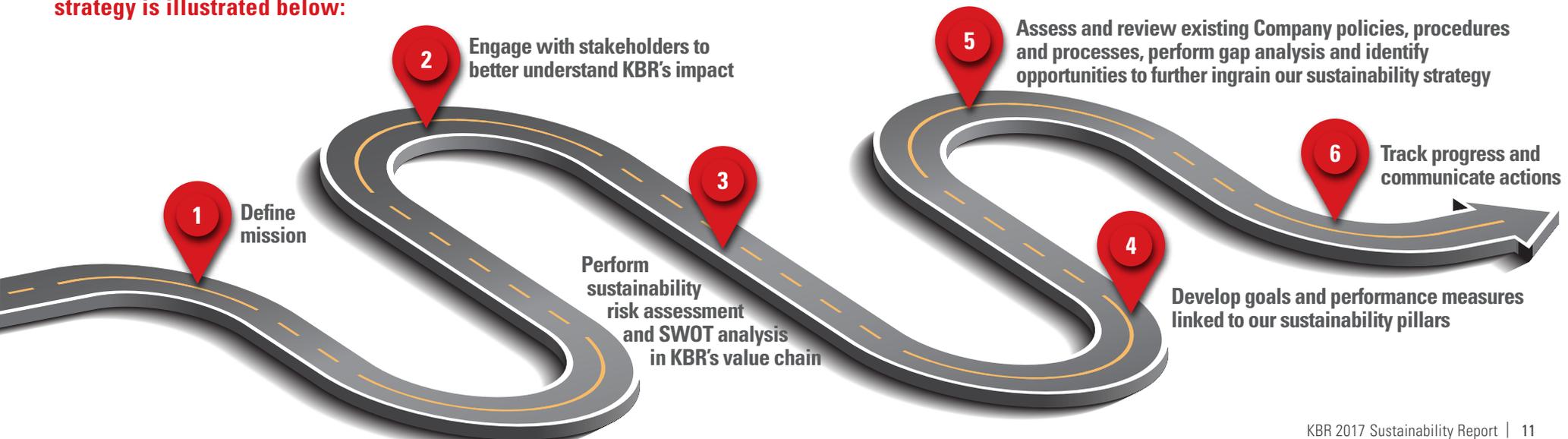
Includes our efforts in ensuring Zero Harm to our people, communities and our planet and in reducing the negative impact on environments we operate in.

CARING ABOUT PEOPLE



Our focus on becoming a world-class contractor by creating inclusive teams of unique people with diverse skill sets, empowering innovation and helping communities and citizens to advance.

Our roadmap to implement our sustainability strategy is illustrated below:



INSIGHTS FROM OUR STAKEHOLDERS

Our stakeholders' concerns weigh in on the way we characterize and prioritize sustainability issues that have an impact on our business. We maintain several communication channels such as face-to-face meetings, our investors@kbr.com email address, our "KBR Listens"-mailbox and ethics hotline for employees, project close-out surveys, supplier performance evaluations and regular community consultations to enable our stakeholders to share valuable input regarding sustainability matters. In addition, we respond to feedback received through our Twitter, LinkedIn, Instagram and Facebook accounts. The table below illustrates our stakeholder groups, key forms of engagement and the sustainability matters pertaining to each group in 2017. We do not have a formal process for capturing feedback in a centralized way, except for our investors. The matters for stakeholders other than investors in the table below are reviewed in the context of our risks and priorities and are based on our own perspective on what their interests and concerns are and we used these to guide the content of our report. We recognize that we need to collect direct feedback in a more structured and formal way to further refine our material topics and intend to do so in the future.

STAKEHOLDER	FORMS OF ENGAGEMENT	SUSTAINABILITY MATTERS	
<p>INVESTORS Stockholders, financial institutions, potential socially responsible investors.</p>	<ul style="list-style-type: none"> Earnings Conference Calls Annual Meeting of Stockholders Investor Presentations 	<ul style="list-style-type: none"> Health, Safety, Security & Environmental Performance Transparent Communication 	<ul style="list-style-type: none"> Human Trafficking Diversity & Gender Equality Ethics Hotline Accessibility
<p>EMPLOYEES The foundation of KBR: all our employees worldwide from project staff to business presidents.</p>	<ul style="list-style-type: none"> Ethics Hotline KBR Listens mailbox Zero Harm Day ASPIRE and IMPACT (KBR's employee resource groups) AIM Performance and Talent Management Process 	<ul style="list-style-type: none"> Pay Equality Inclusion and Diversity Health, Safety & Security Incident Prevention and Response Benefits & Wellness Career Development 	
<p>CUSTOMERS The companies and governments who rely on our products and services.</p>	<ul style="list-style-type: none"> Proposal Requests Tradeshows Project Close-out Surveys 	<ul style="list-style-type: none"> Incident Prevention Timely and Cost Efficient Project Completion Regulatory Compliance 	
<p>SUPPLIERS & SUBCONTRACTORS Parties who provide goods and services to KBR in order to execute our contracts.</p>	<ul style="list-style-type: none"> Supplier Performance Evaluations Pre-inspection Meetings Shop Surveys 	<ul style="list-style-type: none"> Health, Safety & Security Incident Prevention Human Rights Ethical Bidding & Rewarding Process Foreign Corrupt Practices Act Policies and Procedures 	
<p>JOINT VENTURE PARTNERS Companies KBR agreed to form a business arrangement with to execute specific projects, sharing resources, cost, risk and profits.</p>	<ul style="list-style-type: none"> Joint Venture Board and Committee Meetings Project Operation Discussions 	<ul style="list-style-type: none"> Health, Safety, Security & Environmental Incident Prevention and Response Regulatory Compliance Ethical Partnership Foreign Corrupt Practices Act Policies and Procedures 	
<p>GOVERNMENTS Country governments and government organizations around the world.</p>	<ul style="list-style-type: none"> Liaisons with Regulators and Agencies Audit Discussions 	<ul style="list-style-type: none"> Regulatory Compliance Health, Safety, Security & Environmental Incident Prevention and Response Foreign Corrupt Practices Act Policies & Procedures Human Rights Impact on Local Economies 	
<p>LOCAL COMMUNITIES Local citizens and communities located in the areas where we execute projects, impacted by our work.</p>	<ul style="list-style-type: none"> Community Events Community Meetings and Debriefs 	<ul style="list-style-type: none"> Health, Safety, Security & Environmental Incident Prevention and Response People and Human Rights Education and Poverty Environmental Protection 	

MATERIALITY

The stakeholders' sustainability matters included in the Insights From Our Stakeholders section on page 12, guided us in determining our material topics for 2017. The chart to the right illustrates how we identified, prioritized and validated the issues we believe are material, based on the ranking of impact on stakeholders' decisions and KBR's business.

Our materiality assessment resulted in reevaluating our sustainability approach and we plan to develop and implement goals and metrics for each of our defined sustainability pillars included on page 11. Our main objective will be to enhance ways we engage with stakeholders, define, measure and monitor goals and outcomes and improve our capabilities to impact.



Material Topics

1

IDENTIFY

First, our stakeholder issues were identified and assessed by the management teams involved with corporate governance and reporting on sustainability performance through gathering internal feedback from several departments involved with liaising with our different stakeholder groups.

2

PRIORITIZE

The next step was to rank these issues based on whether they reflect our organization's significant economic, environmental and social impacts, substantially influence assessments and decisions of stakeholders and the extent to which they impact KBR's business. As a result, the issues that ranked the highest on impact on stakeholders' decisions and KBR's business were identified as our material topics.

3

VALIDATION AND REVIEW

Our material topics were approved by our Board prior to issuance of this report. During our ongoing review process we will continue to closely monitor our stakeholders' concerns and enhance our communication channels with them to strengthen the relationship.

The material topics we identified for 2017 are illustrated below, together with their scope and impact and key challenges and opportunities for our Company. We plan to continue managing, measuring and reporting on these topics as we define our strategy and develop goals and performance metrics in the future. These topics may be adjusted in the future to reflect the Company’s agility within its dynamic operating environment and with evolving sustainability matters and concerns.

MATERIAL TOPIC	SCOPE AND IMPACT	CHALLENGES	OPPORTUNITIES
 ANTI-CORRUPTION	Operating with integrity is essential to KBR’s success, and we have zero tolerance for any substantiated unethical behavior by employees, subcontractors, Joint Venture employees and vendors.	The continued success of our business depends on how we manage the exposed risk that comes with operating globally, including corruption and fraud risk, which can harm our reputation of being a service provider of integrity.	The global emphasis on ethical standards and corruption and fraud prevention presents opportunities for improving our practices, reassessing our governance, risk and compliance framework and creating a culture of awareness and high integrity. Enhancing our control environment and transparency will ultimately lead to decreased instances of violation and lower reputation risk.
 HEALTH, SAFETY & SECURITY	As we operate on critical projects for our customers and in challenging environments, health, safety and security of our employees, contractors and Joint Venture employees are vital.	In order to sustain our businesses, there is an increased focus and pressure to safely execute business without harming individuals involved.	KBR’s safety performance has drastically improved since we implemented Zero Harm in 2014 and has outpaced that of our peers. Maintaining and improving our safety records even more will enable us to become a world class, reliable contractor, win the right work and secure long-term growth.
 ENVIRONMENT	We strive to comply with all relevant environmental laws and regulations where we operate, be transparent about our environmental impact and minimize harm. In addition, we develop innovative ways to minimize impacts to the environment for our clients and in our offices.	Environmental degradation is heavily discussed and there is an increased focus on companies to minimize their environmental footprint in order to sustain their business.	Linking the environmental impact of our operations and services to our strategy will result in reducing our environmental footprint. By developing technologies that support modeling climate behavior and patterns, we have the capability and opportunity to contribute to worldwide efforts to preserve our planet.
 INFORMATION SECURITY	Protecting our employees’, subcontractors’, Joint Venture employees’ and customers’ personal and business information is critical and, besides internal measures, we provide information security services to our customers to better protect them against related threats and violations.	The increased volume and sophistication of modern cyber, public safety and national security threats have become main topics globally and countries increasingly focus on protecting their citizens from related threats.	Equipped with a fully certified workforce and three cutting-edge cyber labs, we see market opportunities to expand our cybersecurity services to government agencies and companies globally. Also, by protecting our stakeholders’ data privacy rights, we will gain their trust, which is a cornerstone for our continued success.
 EMPLOYER OF CHOICE	Our ability to attract, develop and retain top talent is key to our success and we invest in programs and developmental plans to build high-performing work teams.	In order to provide distinguishing service to our customers, we need to ensure that we attract and retain top talent and create a work environment that enables employees to advance.	Investing in our people’s development will enable us to cultivate a strong, capable and resilient workforce in order to maintain and improve the quality of the work we deliver.
 DIVERSITY & INCLUSION	Our goal is to build teams with diverse perspectives where all employees are empowered and capable of doing their best work and are treated equally.	As the world moves ahead, workplaces evolve, not just in terms of technical revolution, but also in terms of human composition. Acknowledging and accepting individuals with unique capabilities is key to securing our future.	We have an opportunity to create a workplace where everyone has a sense of purpose and to cultivate the next generation of inspiring and innovative leaders to build on the bright future for KBR.
 HUMAN RIGHTS	KBR respects and upholds the highest standards of Human Rights and does not tolerate any form of discrimination, harassment or violation of any employee’s, subcontractor’s or Joint Venture employee’s Human Rights.	Universal expectations regarding protecting Human Rights, treating each individual equally and with respect and ending trafficking are raised and are crucial to address because, as a service Company, our people are our greatest assets, whether they are our employees or subcontractors, and our success depends on how we treat them.	Bringing Human Rights into the realm of international law provides a legislative framework to adopt in our practices, which will strengthen our relationship with stakeholders such as employees, subcontractors, Joint Venture employees, customers, suppliers and business partners. Improved collaborations with these stakeholders will enable KBR to become a world class contractor and employer of choice.
 SUPPLY CHAIN	As we operate globally and utilize suppliers and subcontractors from around the world, we impact global economies and business growth, allowing us to provide opportunities for disadvantaged businesses and local suppliers when appropriate.	Expectations related to Human Rights and protection of vulnerable workers in global supply chains continue to evolve and additional concerns are raised, driving the need for related increased measures of protection.	Increased awareness and legislation around Human Rights, specifically related to human trafficking, and forced, bonded and child labor, presents opportunities to strengthen our policies, procedures and controls, leading to increased credible collaborations and partnerships.



OPERATING WITH INTEGRITY



BUSINESS ETHICS

Ethics is a vital part of who KBR is as a Company. Our ethical principles ("**behaviors**") demonstrate our commitment to ensuring we carry out our mission with integrity and are contained in our **Code of Business Conduct ("COBC")**.

Ethics Training and Communication

We provide training via classes at job sites or via CDs to employees without access to our online training. We ensure that JV employees receive training on KBR's COBC and Anti-Corruption policies and that they are aware of the various channels to report concerns or violations by including this in our agreements with JV partners.

Ethics Hotline

In 2017, we explicitly stated in applicable employee agreements that whistle blowers are not required to seek any permission from our Company prior to communicating with any governmental agency or entity regarding possible violations of federal law or regulation.

Monitoring Effectiveness in 2017

- We tested the effectiveness of the following key internal controls throughout the year:
 - (1) review of investigation reports of reported violations and proposed actions by our COBC team;
 - (2) accessibility and communication of our anonymous hotline channels; and
 - (3) investigation of matters involving accounting, internal accounting controls or audit by or on behalf of the Audit Committee through internal and external parties.
- KBR's Audit Services ("KBRAS") performed sample testing on the successful completion of the mandatory COBC and Anti-Corruption trainings. In addition, their testing included interviewing auditees on their knowledge of how to act when they observe unethical conduct, and test dialing the available ethics hotline phone numbers for functionality and accessibility in the specific country.

Behaviors

KBR's behaviors are a set of principles that drive our day-to-day business activities.

We Deliver

We are committed to standing by our promises to deliver projects through collaboration, discipline and the KBR Way.

We Value Our People

We value and respect our employees as people. We are committed to Zero Harm for every person. We emphasize development of each person to reach his or her full potential.

We are People of Integrity

We are people of character. We value honesty, trust, courage, prudence and tenacity. We will not sacrifice our integrity.

We Empower Our Employees

We trust our employees to be independent decision makers while being held accountable to quality and delivery. We enable our employees to be proactive in their work and adaptive to change.

We Lead by Example

We own our work, individually and as a Company. We have a passion to deliver high quality work and a will to succeed. We value the success of KBR over individual success. We are ONE KBR.

21 translations of our COBC are available to all employees and contractors.

60% of all COBC allegations are reported through our COBC Hotline.

49 countries in which our hotline is accessible

ANTI-CORRUPTION

Corruption is universally considered as one of the major global threats to both social development and market economy and at KBR, we have experienced how damaging this can be to a Company's reputation and good standing.

With the change of our leadership in 2014, we launched our ONE KBR concept, and reinforced our mission, vision and values (included on page 9) to ensure we operate with integrity. Our values form the basis for KBR's annual ethics training, which includes training on KBR's anti-corruption policies.

Political Donations and Charitable Contributions

KBR's COBC requires close scrutiny of political contributions made to an individual, entity, campaign, or political party globally. Our Corporate Philanthropy and Donations Policy requires all political contributions to be reviewed by our Chief Compliance Officer, director of Communications and Government Relations, Business/Region President and general counsel and approved by our CEO. When prudent and appropriate, we require the recipient charitable organization to complete a certification of compliance with the FCPA and other anti-corruption laws. In 2017, we donated USD 5,500 to politicians.

Our Efforts to Improve

- Our Compliance team added additional anti-corruption training besides COBC training to a targeted population that is more at risk during their daily work, and provided enhanced guidance on our third-party due diligence process.
- We further enhanced our contracts with third parties to include specific anti-corruption compliance provisions.

Monitoring Corruption and Fraud Risk

Our Compliance, Financial Controls and Audit Services departments continually monitor fraud and corruption risk and conduct monthly meetings to discuss these. The results of the below activities enable us to immediately follow up on any potential exceptions to KBR policies, and to develop our annual training plan. Our monitoring activities include:

- Strengthening KBR's internal controls framework on an on-going basis. After the restatement of our 2013 financial statement, we increased focus on financial reporting controls and implemented additional controls. We performed a thorough review of our project, revenue and estimates controls and further enhanced these in 2017.
- Some of our additional controls implemented include: (1) review and approval of all intermediaries, including due diligence; (2) payments made to all intermediaries; (3) daily screening of vendors against databases such as MK Denial or the U.S. Department of Commerce's Excluded Party List; (4) testing of entities' improper payments and other fraudulent activities prior to acquisition, and (5) daily review of duplicate payment reports.
- Periodic review of all entries in the general ledger accounts for facilitating payments, compliance-sensitive payments, and improper fees.
- Obtaining quarterly representation letters from all business units and corporate groups. All issues in the letters are reviewed and shared with our Chief Financial Officer, Chief Accounting Officer, External Reporting team, Audit Services, Compliance and our external auditors.
- Sending anti-corruption self-assessment questionnaires at least annually to a risk-based selection of international projects and offices.

Monitoring Effectiveness

Anti-corruption audits as well as cybersecurity and third-party service and commercial intermediary audits are part of recurring audits in our Audit Services annual audit plan. Audit Services also performs data analytics during the planning phase on compliance sensitive general ledger accounts to capture indicators for potential fraud and corruption risks.

Reporting of Violations

Each quarter, we present all COBC allegations of corruption and fraud to the Audit Committee. Our COBC team reports quarterly to KBR's Internal Controls Committee on any substantiated instances of fraud and corruption involving employees who have a significant role in internal control over financial reporting.

REGULATORY COMPLIANCE

Done Right is the goal for every KBR project, ensuring we maintain compliance in all areas of operations while delivering world-class service to our customers. To achieve this goal, KBR uses a risk based Integrated Management System (“IMS”), which incorporates all business segments’ policies, procedures, manuals and guidelines into one standardized work processes system. Our IMS conforms to the requirements of ISO 9001, ISO 14001 and OHSAS 18001.

Maintaining our License to Operate

As we mostly serve governments around the world, we have robust procedures in place to ensure we comply with applicable laws and regulations where we operate. Our inspection and assessment model monitors compliance with contract performance objectives and standards by inspecting critical characteristics biweekly, and auditing overarching processes monthly. We have the following systems in place to ensure we monitor our compliance risk and performance:

- KBR’s Computerized Maintenance Management System (“CMMS”) manages assets, and records inventory, facility, and equipment maintenance. It supports resource forecasting and planning, ensuring we do not overspend governments’ funds;
- Audit Corrective Action Tracking System tracks, reports, and trends quality indicators to drive continuous improvement. This web-based system provides real-time, remote access to project data, enabling us to make appropriate project decisions and minimizing supervisory efforts.

On non-government engineering projects, it is the responsibility of our engineering project team to monitor and record the contractual and legal requirements for engineering designs. Our HSSE department conducts regular audits, reviews and inspections to verify compliance with related legal and contractual requirements. The outcome is shared with senior management.

In 2017, we had no material regulatory non-compliance issues.

Every KBR location in the world is ISO certified, through Lloyds Register Quality Assurance, to ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Occupational Health and Safety or “OHS”). Being certified globally enables consistency and standardization of project planning and execution throughout the world.



OPERATING RESPONSIBLY



SAFETY AND PHYSICAL SECURITY

Safety

As we execute projects in the most remote and environmentally challenging locations in the world, it is our duty to people, communities and our planet to prevent any actions causing serious harm. We are dedicated to improving the quality of people's lives and reducing our environmental footprint. Safety at KBR is more than policies, procedures or rules; it is about being part of a strong culture of awareness where we think and act safe and have the courage to intervene in unsafe situations, not only at work but extending to our personal lives as well, because we care about our people.

Management Approach

To execute what we commit to in our COBC and HSSE policy, we set a goal of becoming a leader in our industry when it comes to safety performance. Our CEO launched KBR's "Zero Harm" initiative when he joined in 2014, in an effort to achieve this goal.

Our commitment to safety

- ✓ We included a safety performance metric in our global management short-term incentive plan.
- ✓ Our senior executive management's and corporate management's short-term incentive payout includes a measure for completed Shaping Accident Free Environment ("SAFE") tours.
- ✓ Biweekly teleconference to review incidents by regional/ business unit leadership. Input is presented in the quarterly Incident Review Board sessions.
- ✓ We survey employees randomly on the effectiveness of our safety programs.
- ✓ We conduct annual and project-specific safety and security trainings.
- ✓ We organize a global annual Zero Harm day, to improve upon personal and workplace safety practices.

In 2017, despite our safety improvement efforts, we had a fatality resulting from a subcontractor falling into an insulation tank. Following this saddening event, we sent safety alert messages, increased safety inspections and posted increased safety notices on site. Furthermore, we applied negative discretion to the safety performance payout included in the 2017 global management short-term incentive plan to demonstrate our commitment to safety and the importance of lives.

Managing Safety at our JVs

Before we finalize any bidding or partnering agreement, we assess and evaluate the capability and credentials of the HSSE values, policy and practice of potential JV partners. KBR seeks to only enter into JVs where the HSSE policy intentions and performance standards of the JV are materially equivalent to those of KBR. Where gaps exist between KBR's standards and those of JV partners, evidence of timely progress toward alignment must be provided.



Letter from our Vice President, Health, Safety, Security and Environment

"Our Zero Harm journey continues to be a positive, inspiring and nurturing experience at KBR and a source of pride for our employees. Zero Harm is a personal relationship with safety in which KBR employees embrace incident-free principles on and off the job.

Since the introduction of our **Zero Harm 24/7** initiative in 2014, we have seen a nearly 50% improvement in our safety performance. This transition has resulted in safety-related conversations that occur freely and easily among peers in an effort to reinforce positive behaviors and to modify at-risk behaviors on a consistent basis.

In 2017, the KBR Executive Leadership Team completed 61 SAFE tours at project sites and offices around the globe, well above target thresholds. These tour practices have cascaded globally into functional and regional leadership engagement. Our three focus areas of our 2017 Global HSSE Strategy were:

- **Visible Leadership and Commitment**
Established personal Zero Harm commitment statements in employee annual performance evaluations, provided annual Zero Harm refresher training to the top 100 KBR leaders in each region/business unit.
- **Strengthening Our Global HSSE Communication**
Rebranded and relaunched KBR Keys to Life, Key Office Behaviors and Keys to Security initiatives.
- **Hazard and Risk Control**
Improved the consistency and delivery of foundational HSSE training content through the launch of an e-learning platform.

Lastly, we were proud to host our second global Annual Zero Harm Day at offices and project sites around the world on February 23, 2017. This event has become a way to share, celebrate and reinforce our Zero Harm goals around the world as we achieve Zero Harm in all we do."

Nick Anagnostou
Vice President, Health, Safety, Security and Environment

Our Zero Harm concept incorporates the following dynamic components:

Total Safety Task Instruction

Our mandatory pre-task risk analysis and task approval process known as Total Safety Task Instruction ("TSTI") includes a workflow for task evaluation, project team review, safety risks and hazards identification and documentation and supervisory review and approval with formal signatures in each step.

Courage to Care Conversations

We encourage our employees to have Courage to Care conversations when identifying and preventing unsafe acts. In 2017, reported safety instances in the Houston parking garage resulted in enhanced warning signs and reiterated driving safety rules. We also started working on a mobile phone application expected to be launched in 2019 for logging these conversations, enabling us to track and monitor employees' efforts to achieve Zero Harm.



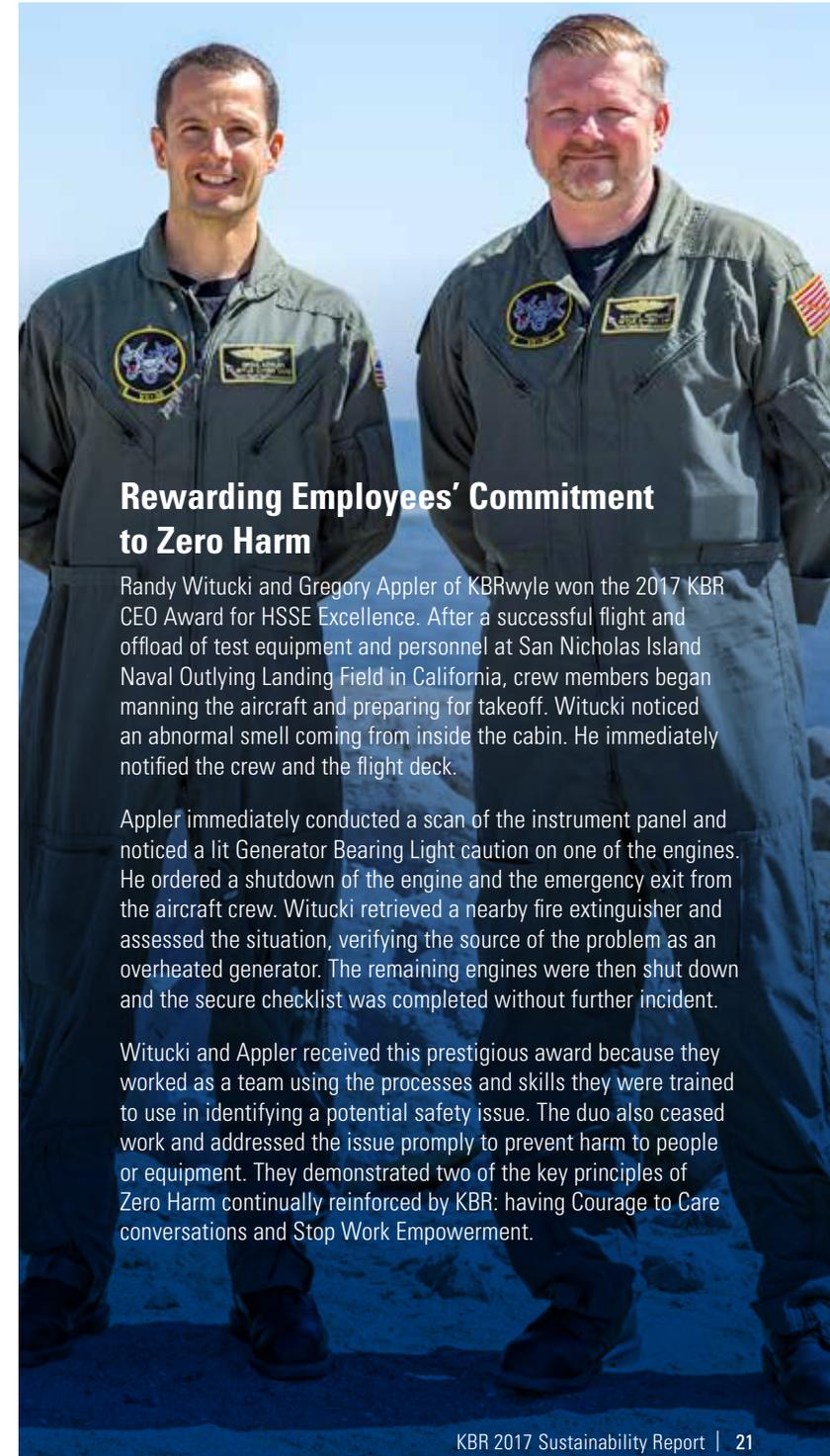
MyKey Stop Work Authority

Previously selected as the winner from employees' entries for a Company-wide safety icon contest, MyKey reminds all KBR employees, contractors, JV employees and customers to employ "Stop Work Authority" to suspend any individual task or group operation when the control of health, safety or environmental risk is unclear.



HSSE Excellence, Zero Harm and Courage to Care Award

- HSSE Excellence Award nominees are selected by business presidents and submitted to the CEO for consideration.
- The Zero Harm award recognizes completion of a minimum amount of consecutive work hours without a work related recordable injury or illness.
- The Courage to Care award recognizes individuals that exemplify excellence with regards to our Zero Harm program.



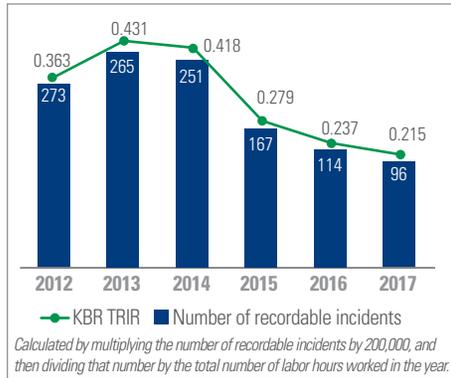
Rewarding Employees' Commitment to Zero Harm

Randy Witucki and Gregory Appler of KBRwyle won the 2017 KBR CEO Award for HSSE Excellence. After a successful flight and offload of test equipment and personnel at San Nicholas Island Naval Outlying Landing Field in California, crew members began manning the aircraft and preparing for takeoff. Witucki noticed an abnormal smell coming from inside the cabin. He immediately notified the crew and the flight deck.

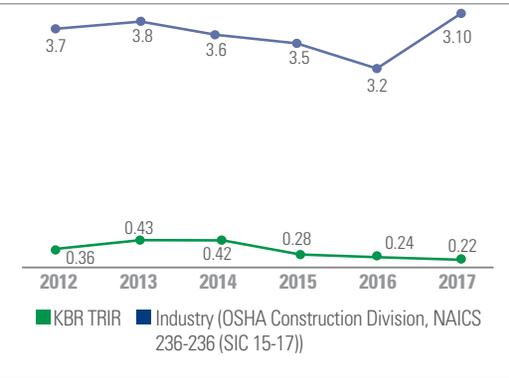
Appler immediately conducted a scan of the instrument panel and noticed a lit Generator Bearing Light caution on one of the engines. He ordered a shutdown of the engine and the emergency exit from the aircraft crew. Witucki retrieved a nearby fire extinguisher and assessed the situation, verifying the source of the problem as an overheated generator. The remaining engines were then shut down and the secure checklist was completed without further incident.

Witucki and Appler received this prestigious award because they worked as a team using the processes and skills they were trained to use in identifying a potential safety issue. The duo also ceased work and addressed the issue promptly to prevent harm to people or equipment. They demonstrated two of the key principles of Zero Harm continually reinforced by KBR: having Courage to Care conversations and Stop Work Empowerment.

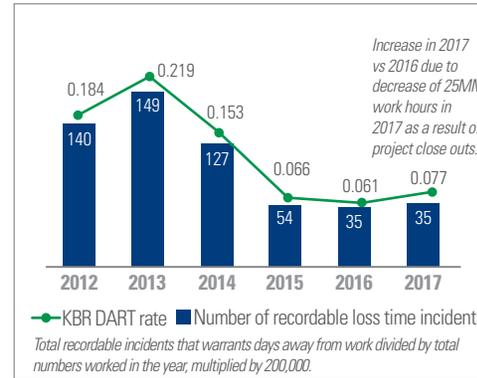
Global Total Recordable Incidents and Total Recordable Incident Rate



KBR's global TRIR is leading compared to the OSHA Construction Division's TRIR



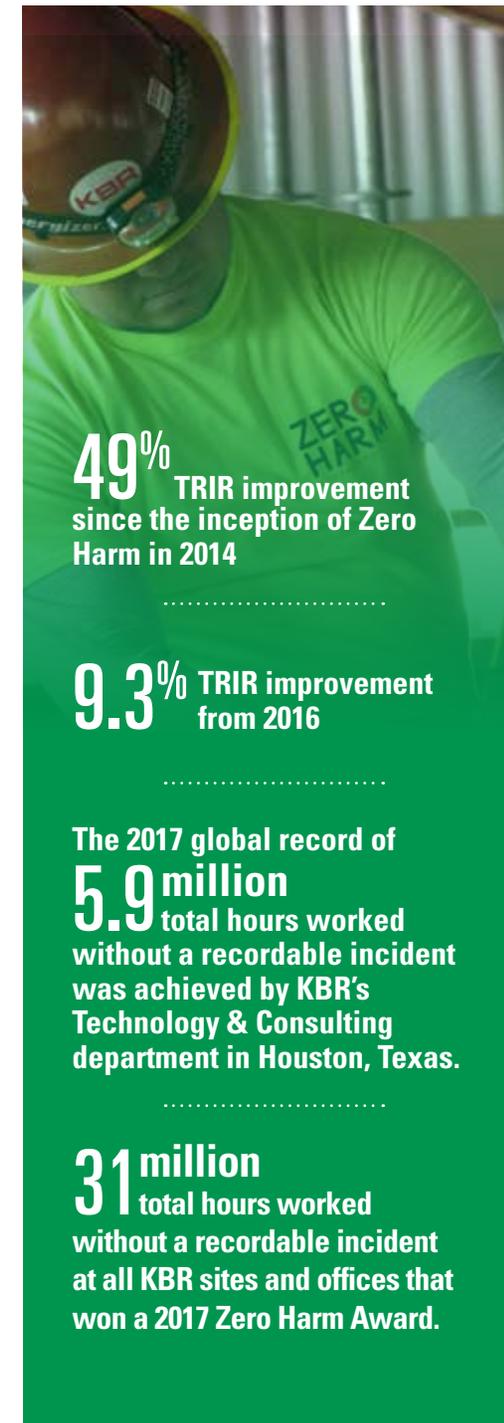
Global Days Away Restricted and Lost Incident Rate



Our KBR Al-Yusr team won the prestigious SATORP Contractor Safety Award in recognition of exemplary HSE performance during the first half of 2017, demonstrated by one-year injury free and one million hours injury free achievements.



Our KBR Government Services business segment in Europe, Middle-East and Africa won the 2017 RoSPA Gold Medal Award for Health and Safety for the eighth consecutive year.



49% TRIR improvement since the inception of Zero Harm in 2014

9.3% TRIR improvement from 2016

The 2017 global record of **5.9 million** total hours worked without a recordable incident was achieved by KBR's Technology & Consulting department in Houston, Texas.

31 million total hours worked without a recordable incident at all KBR sites and offices that won a 2017 Zero Harm Award.

Physical Security

Management Approach

Our top priority besides our people's safety is their security, because we can only deliver world-class performance when we can execute our jobs in a safe and secure environment.

Our Global Crisis Management Plan is in place to respond to and protect KBR employees and assets in the event that a regional or global incident occurs. Each KBR facility and project is required to have a Local Emergency Response Plan that is managed and maintained by our HSSE department. We have designed the KBR First Response website with important disaster safety tips, weather updates, payroll information in case of an emergency and the operations status of our projects around the world. During state of emergencies we inform employees on office closures, delayed openings and information impacting their commute to work via email. Besides email and our website, we have set up text messaging services to alert employees and keep them informed during disasters. In order to timely prepare for actions we review our country risk ratings based on the daily assessment of political, operational, security and travel risk.

Our Efforts in 2017 to Secure Our People's Lives

- Started building a customized app, which was launched in February 2019, and will include secure messaging, 24/7 crisis response, a "panic" alarm and mass communication functionalities and GPS tracking to locate employees, offices and project sites.
- Provided 23 training sessions about workplace violence awareness, stalking and harassment prevention, crime prevention, FBI hosted cybersecurity awareness, workplace aggression prevention, identifying and preventing bullying in the workplace, increased vigilance in security awareness.
- Launched six training sessions in our e-learning module on workplace security awareness, active shooters, campus safety, business continuity, disaster/emergency management and potential security threats.
- Increased security awareness through ten global communication messages on the following topics: emergency, ATM fraud, global security, traveler accountability, tire theft, cyber security, cyber scams, personal safety, traveler security and crime prevention.

Safeguarding Lives during Hurricane Harvey

KBR's Corporate Security team worked tirelessly to ensure all employees working in Houston were safe and secure during Hurricane Harvey, from sending weather alerts and safety tips prior to Harvey making landfall, to warnings regarding the accessibility of roads and office locations. They located the roughly 300 employees impacted to provide appropriate aid for their recovery.

A core group of our employees remained on site at NASA's Johnson Space Center, working 12 hour shifts, monitoring the systems and equipment that keep the chamber functioning to ensure it did not experience rapid change in pressure or temperature, which would damage the deep space telescopes. It was essential that mission control maintained normal operations during the storm without interruption to power and communications.

57 global incidents required our Security team's support or actions in 2017:

TYPE OF INCIDENT	FREQUENCY
Major Natural Disasters – Earthquakes, Hurricanes, Volcanic Eruption, Tsunami	25
Terrorist Attacks	12
Workplace Violence	5
Major Burglary	2
U.S. Military Response Operations and Security	2
Active Shooter Events	2
Civil Unrest	2
Employee off-duty deaths	2
Super Bowl Road Closure/ Events	1
Home Office Anti-Trump Street Protest	1
Industrial Sabotage	1
Project Labor Unrest	1
Bomb Threat	1
TOTAL	57

INFORMATION SECURITY

Our scientists and engineers develop and work with patented solutions, instruments and equipment that contain highly confidential data. This means that the health of our business depends heavily on protecting intellectual property and sensitive data from cyber threats and malicious or accidental misuse.

Management Approach

We closely collaborate with strategic partners, governments, law enforcement and industry peers to ensure we remain agile when facing new and emerging cyber threats. We require our employees, contractors and vendors to comply with our Information Technology Security and Acceptable Use policy. In addition, we require our employees and contractors to complete our annual cyber security awareness training. Our policies, procedures and work instructions and associated controls align with industry standards ISO 27001 (governing Information Security Management Systems) and NIST (SP) 800-171 (National Institute of Standards and Technology governing non-federal information systems). Security controls are annually assessed by internal and external auditors to ensure compliance. All audit findings are periodically reported to our Executive Leadership and Board of Directors.

Intellectual Property, Sensitive Data and Network Security Protection

Annually, a third party conducts cyber security penetration and vulnerability assessment tests through the auspices of the KBR Audit Department. KBR IT environments are annually audited through accredited third party providers for maintaining Cyber Essential and Cyber Essential Plus certifications. In 2017, there were zero material findings.

Incident Response and Disaster Recovery

In 2017, we performed routine security incident response tabletop exercises with strategic providers to test the effectiveness of our security incident response and procedures. We also executed simulated tests to prepare application owners and selected end users for tasks that would be required in an emergency. There were no material findings.

In July 2017, KBR deployed the PhishMe Reporter Outlook Add-In at our acquired companies to use the "Report Phishing" button to report suspicious emails.

Cyber security attacks continue across all industries from cyber criminals, hackers, nation-state sponsored and insider threats. Our Company information systems are not immune to these threats, however none of these cyber threats had a significant effect on our business during 2017.

Customer Information Systems

As we support our customers' critical projects through the use of technologies and government programs, our efforts to capture, store and transfer data securely and prevent the likelihood of data fraud, loss, sabotage and theft are crucial. KBR complies with regulatory framework of laws, standards, and contractual obligations designed and mandated to provide adequate security to safeguard government and customer information, such as the Defense Federal Acquisition Regulation Supplement ("DFARS"), National Institute of Standards and Technology ("NIST" 800-171), and International Traffic in Arms Regulations ("ITAR").

82% decrease in number of times links were clicked in phishing test emails sent to all employees in 2017

60% increase in 2017 in reported suspicious emails by employees

Employee Privacy and Data Protection

Our employees provide us their personal and sensitive information during the hiring process, and to build a relationship of trust with them, it is essential that we protect their privacy to help them maintain their autonomy and individuality.

KBR's cross-functional Data Privacy Governance Committee ("Committee") oversees our data privacy governance program and related policies and procedures. The committee is involved in ensuring compliance with global data protection laws, implementation of cross-border data transfer solutions and reviewing existing policies and procedures as they relate to data privacy and security.

Our Efforts in 2017

In order to prepare for filing for EU-U.S. Privacy Shield Certification, our Committee conducted the following:

- Performed a gap assessment to evaluate baseline compliance and evaluate data flows of European HR data to the U.S.;
- Rolled out data privacy training to employees who handle personal data, focusing on employees in the U.S. who have access to European employee personal data;
- Reviewed the Company's policies and procedures related to data privacy;
- Updated some of the Company's cross-border transfer agreements;
- Responded to any privacy incidents as outlined in the Company's incident response procedures; and
- Reviewed and confirmed our IT controls and breach notification process.

The European Union's General Data Protection Regulation ("GDPR") implementation became effective in May 2018, and we established a GDPR working committee in our office in the United Kingdom in 2017 to ensure compliance. The committee conducted the following in 2017:

- Established a steering group with a data protection and privacy officer and identified a GDPR representative in each business unit;
- Developed a communication plan to managers and employees with tool box talking points;
- Reviewed individual access rights; and
- Reviewed KBR's data breach response plan for GDPR compliance and updated reporting mechanisms as required by GDPR.

Our procurement subcontractors team performed an extensive assessment of all vendors globally that potentially have access to PII of our employees and subcontractors. An outside consultant was hired to assist with drafting language for letters sent to these vendors regarding their compliance with the EU-U.S. Privacy Shield and the GDPR. Responses from vendors are maintained in a database and continually monitored.

As of the publishing date of this report, we are Privacy Shield Certified.

SUPPLY CHAIN

In order to achieve a sustainable supply chain, each partner in the chain must set the same level of ethical standards. We believe supply chain sustainability should be a key value rather than a goal.

Management Approach

With a procurement/subcontract annual spend on average of \$2.5 billion, and collaborations with more than 5,000 suppliers to provide labor in over 70 countries, our impact on the global supply chain is significant. We strive to increase our positive impact on communities and other stakeholders throughout our chain. Our focus is to mitigate risks of non-compliance and unethical practices.

Preventive Actions

We do not conduct any business before we have received signed copies of the KBR Supplier Code of Conduct from all suppliers. In addition, we require all subcontractors performing work outside of the U.S. to fill and sign an additional anti-corruption compliance questionnaire.

We monitor our suppliers in a global historical database that provides information on their commitment history and performance. All suppliers are evaluated against acceptance criteria based on performance evaluations from previous awards, shop surveys and new supplier assessment procedures. When performing due diligence on new suppliers and subcontractors, we thoroughly assess their compliance with HSSE codes and ISO certifications and screen them on unethical practices such as corruption and Human Rights violation through our pre-qualification questionnaire.

Monitoring Supplier Performance

We closely monitor our vendors and subcontractors' HSSE performance, compliance with overall project objectives, project management and leadership, quality of services being provided, staffing levels, schedule compliance and overall effectiveness and productivity. Our procurement corrective action team reviews all supplier performance evaluations, inspection reports, suppliers with a performance of 50% or less, watch lists and unapproved suppliers, and collaborates closely with our global master data team to prevent business with non-compliant business partners. We recognize outstanding supplier performance through awards at project level. In 2017, there were zero instances of non-compliance by our approved suppliers.

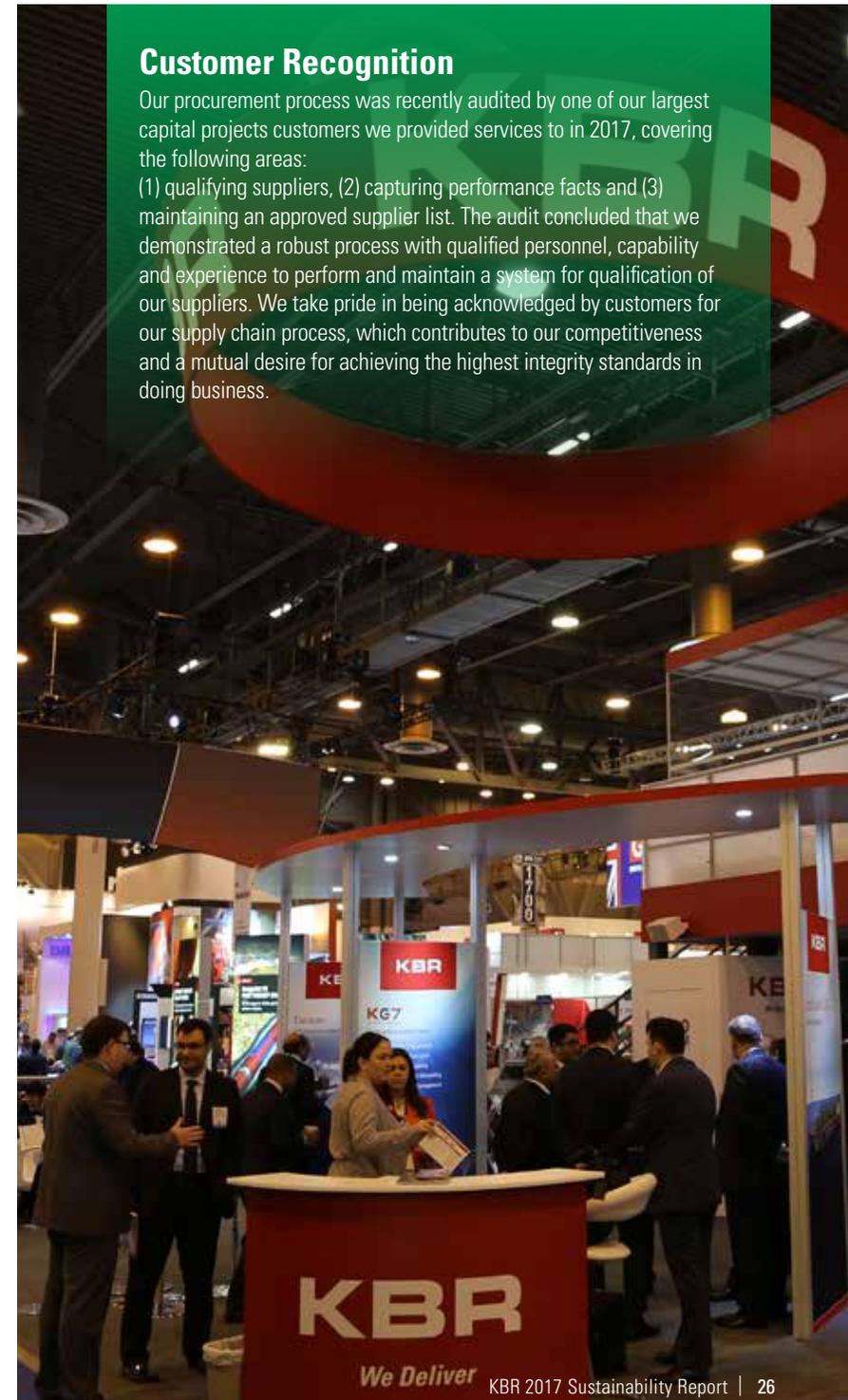
Monitoring Internal Processes and Procedures

Our procurement team executes random independent reviews of the efficiency and effectiveness of the procurement work processes and procedures at KBR operating centers, projects, project offices or sites. These reviews ensure local procurement functions comply with our global procurement policies and procedures and focus heavily as well on compliance with our anti-corruption controls and third party relationships approvals. In 2017, our reviews did not result in any material findings.

Customer Recognition

Our procurement process was recently audited by one of our largest capital projects customers we provided services to in 2017, covering the following areas:

(1) qualifying suppliers, (2) capturing performance facts and (3) maintaining an approved supplier list. The audit concluded that we demonstrated a robust process with qualified personnel, capability and experience to perform and maintain a system for qualification of our suppliers. We take pride in being acknowledged by customers for our supply chain process, which contributes to our competitiveness and a mutual desire for achieving the highest integrity standards in doing business.



ENVIRONMENT

We strive to be good stewards of the environment in an effort to promote a healthy planet. While we are committed to achieving the contractual environmental goals agreed with our clients, we recognize that we can do much more at a global level and are reviewing ways in which we can improve our global environmental impact.

Management Approach

Our commitment to operate safely and responsibly is embedded in our COBC and HSSE policy. In addition, our occupational health and industrial hygiene and environmental reference manuals, sustainability guideline and sustainability cycle procedure enable all KBR employees to engage in activities on client projects that preserve our planet.

As an engineering, procurement and construction and government contractor for large development projects and critical government programs, KBR often bears ultimate accountability for meeting the contractual sustainability objectives. Prior to commencement of work at the site, the client and KBR mutually determine which priorities in the sustainability plan, including community development projects, will become part of the final project execution. Vendors and subcontractors will also be required to commit to delivering the plan.

Based on our clients' environmental and social impact assessment, we develop a project environmental management procedure for each project we execute. This procedure addresses sustainability objectives and risks throughout all phases of the project. In addition, we perform environmental surveys at the beginning and the end of a project to ensure existing impacts to the environment are identified and remedied prior to beginning work and to ensure no environmental impacts from our operations remain when the project is completed.

Our role in environmental sustainability of projects has often been to implement processes and procedures to comply with the sensitive habitat, flora and fauna protections as required by the client and local governments. Our environmental management procedure requires frequent inspections and monitoring to evaluate environmental aspects and impacts prior, during and after project execution. Such aspects include but are not limited to energy consumption reduction, waste minimization and recycling, noise abatement, air emissions control, erosion control, water and wastewater treatment, water quality management and habitat health monitoring.

On the projects we executed in 2017, there were opportunities for project personnel to support environmental initiatives of the client or local communities, such as increasing paperless activities and transactions, establishing recycling programs, encourage carpools, cycling and public transportation, making use of natural light to limit number of fluorescents, participating in beach, river or lake trash clean ups, planting shrubs or marsh grass and participating in fund raisers to support local environmental concerns.

In 2017 we had zero incidents of non-compliance with environmental laws or regulations.

KBR-Designed Tools to Measure and Reduce Environmental Footprint on Projects



Optioneer®

A revolutionary modelling tool that links an intelligent process schematic to a unit process database and costing/drafting models to generate 3D design and costing. It also allows for carbon footprint management throughout each conceptual design.

Carbon Assessment Tool ("CAT")

This tool enhances KBR's carbon engineering service by enabling clients to identify sources of emissions including greenhouse gas emissions in order to calculate and manage their reduction.

Marginal Abatement Tool ("MAT")

Used in conjunction with CAT and generates a visual analysis of a range of carbon abatement quantities and costs based on the quantities calculated by CAT. This allows comparison of abatement costs to carbon permit costs to guide decisions on carbon abatement for projects.

Residuum Oil Supercritical Extraction ("ROSE") Residue Upgrade Solution

Through a process that uses light hydrocarbon solvents normally available within a refinery, our ROSE technology recovers higher volumes of the cleanest possible deasphalted oil from residue streams than conventional solvent deasphalting technologies. It is also highly efficient, requiring up to 60% less energy than other technologies due to its use of supercritical solvent recovery and specially designed heat recovery exchangers.

MAX-ISOM™ Isomerization Technology

KBR introduced MAX-ISOM as the technology of choice for low cost production of high octane isomerate to accommodate the rise of the global demand for motor fuels that comply with strict specifications on sulfur, benzene, olefins and total aromatics content in gasoline, emphasizing cleaner burning blend stocks such as isomerate.

Solid Acid Alkylation Technology (K-SAAT™)

Our K-SAAT technology maximizes the yield of motor fuels and enhances production of alkylate, an ultra-clean blendstock by reducing the production of heavy hydrocarbon byproducts.

Energy 2.0

KBR's Consulting group developed and launched Energy 2.0 using proprietary, state of the art technology and the latest techniques to improve energy performance as well as provide a holistic view of the ever changing energy world in the areas of health check and benchmarking, asset improvement, monitoring, project financing and energy master planning.

KBR Environmental Impact Houston, Texas and NASA Parkway offices



We have successfully recycled:
316,200 pounds
of waste that resulted in the
following environmental benefits:

 **2,700**
trees saved

 **623,000** kWh
of electricity saved

 **68,000**
gallons of oil saved

 **14,000** lbs
of CO2 emissions
avoided

 **8,800**
pounds of air
pollution prevented

 **560** cubic yards
of landfill space

 **1.3** million
gallons of water
saved

Leatherhead, UK office

 **449,000**
gallons of water
saved

 **48,000** kWh
of electricity saved

In the U.K.

92% onsite waste
material was recycled of
which some was used for
construction of the Aspire
Defense base in the U.K.

In Abu Dhabi

900 tons of waste of which
65% was recyclable was removed at
our Abu Dhabi Airport construction
management project as part of our
project cleaning campaign

Colorado Springs, U.S.A.

Approximately **17,000** 20 Oz.
plastic bottles are saved annually
due to the installment of bottle filler
stations at our Colorado Springs
office

Waste reduction, Energy Efficiencies, Ecological Improvement on Railroad Project in Australia

For the Mernda Rail Extension Project in Victoria, Australia, KBR is providing design and construction of 8 km of new railway and three new stations providing public transport to the local community and residents who previously had limited transportation options. The project provides offsets for any vegetation removed by the construction works. In addition, we went above and beyond to provide additional planting in the adjacent Plenty Gorge Park improving the ecology in the area and providing habitat for local species.



Over **90%** waste streams were recycled including reuse and crushing of rocks excavated onsite minimizing the need for new materials.

Over **500%** growth in endangered Matted Flax Lily plant achieved by successful translocation from the project site.

Over **25%** of energy will be saved by using ELD lighting throughout all station and car parks.

Protecting Butterflies in the U.K.

Our Allenby Connaught Project for the U.K. Ministry of Defense provides modern living and working accommodation for some 18,000 military and civilian personnel, including new leisure and recreational facilities. We incorporated bat bricks to building designs, created artificial badger setts and relocated reptiles to green spaces. In collaboration with a sub-group of the Wiltshire Branch of Butterfly Conservation trees have been planted that are resistant to Dutch Elm Disease near colonies of white-letter hairstreak butterflies, catering for the butterflies in case their existing host elms are lost to the disease.



Engineering and Mission Support of NASA's John Webb Space Telescope to Discover Life in Space

Our engineering experts provide end-to-end life-cycle engineering and mission assurance support to the development of Webb's Optical Telescope Element and Integrated Science Instrument Module, which collectively make up NASA's John Webb Space Optical Telescope Instrument and Integrated Science Instrument Module. This telescope will also help NASA study planets with nearby stars, and determine if these planets have water vapor and atmospheres rich in carbon dioxide and methane, the chemical byproducts of life.



Sustainable Outcomes on One of the Largest Highway Construction Projects in the World

Our design optimization process used on the Qatar Expressway project enables us to minimize energy consumption, reduce waste, reduce number of equipment and reduce our footprint by minimum excavation and land disturbance. Material such as steel, timber, bricks, concrete, plastic, paper, cardboard, used/spent oil, are collected and recycled. Millions of ton of RAP is stored at the project sites, which is intended to be re-used for beneficial purposes.

Support to the National Oceanic and Atmospheric Administration and NASA during Hurricanes

As Hurricane Irma raged through the Caribbean last year, a team of our pilots, scientists, and engineers made numerous flights into the storm in pursuit of data to aid in predicting its path and severity, and to support hurricane research. Their work helps save lives, mitigate property loss, and issue warnings and forecasts. In addition, during Hurricane Harvey, KBR helped support the astronauts still on the International Space Station ("ISS"), who rely heavily on mission control for their daily existence.





CARING ABOUT PEOPLE

EMPLOYER OF CHOICE

Our strength lies in our people. Having quality people is essential to the success of our Company because it enables us to deliver superior quality and returns to customers and other stakeholders.

Management Approach

Our strategy is to invest in maintaining a healthy, safe and productive organization, where individuals can develop, strengthen their leadership skills and feel empowered to influence our business and the world in a positive way. We strongly believe that a diverse workforce and inclusive culture strengthens our overall performance, drives innovation and will lead us to greater long-term success.

Forward Looking Approach to Performance

For the 2017 performance year we implemented the KBR AIM Talent Reward Tool. This tool has become a 'one-stop shop' for our employees and managers to set annual objectives, career goals and aspirations, track performance, have access to an online training material library, perform talent assessments and succession planning and grant annual merit increases and promotions. We re-evaluated our core competencies and introduced employee self-assessments and quarterly AIM conversations. In addition, we introduced Talent ID evaluations of each employee to make succession planning an inclusive process. With linking pay to performance in the tool, we accomplished performance and salary reviews to be more objective and justifiable.



Cultivating Next Generation Leaders

This year we concluded our first Global Leadership Development program to improve internal leadership capabilities, financial acumen, and global focus. The program provides real world learning and leadership skill development to transform emerging leaders into strategic, innovative and insightful KBR executives.

Equal Opportunities and Rewards

With our ASPIRE and IMPACT employee resource groups we strive to close the gap caused by any disparity and empower especially females and minorities and less experienced employees to drive their career aspirations at KBR. Our ASPIRE resource group promotes inclusion and diversity as well, included on page 34. Through our "KBR Listens" mailbox we received inquiries about impacted benefits due to declining economic conditions in the oil and gas industry and we communicated our decision in 2017 to reverse these effective 2018. Based on ad-hoc conversations and informal feedback received at ASPIRE, IMPACT and Zero Harm Day events, our response and actions were positively received by employees.

Examples of Benefits Offered in 2017

KBR's behaviors are a set of principles that drive our day-to-day business activities.

- ✓ opportunities to earn a USD 500 health insurance premium credit
- ✓ on-site health screenings
- ✓ on-site mammograms
- ✓ maternity and surgery support program
- ✓ on-site flu shots
- ✓ advocacy services
- ✓ weight loss program
- ✓ on-site dietitian providing nutrition counseling, cooking, exercise and lifestyle classes.



We desire to see employees grow personally and professionally for their own benefit but with this program everyone wins because we are also strengthening the leadership pipeline for KBR. It's imperative that our people are trained to be strong leaders and think strategically to grow the business and innovate solutions for issues the Company might face in the future.

Stuart Bradie, CEO, on our Global Leadership Development Program

It's essential to our future that everyone feels empowered and everyone has the resources and opportunity to realize their full potential.

Stuart Bradie, CEO, setting the right tone for our culture with a firm belief in equality and its importance. His passion for equality was inspired by his mother, who was one of the first women to become the chairman of a company in Scotland.



IMPACT Introducing KBR Young Professionals to 'Real-Life' Project

Fifteen engineers from our U.K. IMPACT group undertook a visit and fabrication course at the Kvaerner Stord Yard in Norway in 2017 to see how their designs can come to life. We invest in these activities for our young professionals to provide them with learning opportunities and to empower them to manage their career path and growth within the Company.



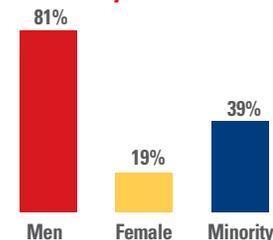
78% increase in employees identified for succession planning

80% of our employees initiated the newly launched quarterly conversations with their managers

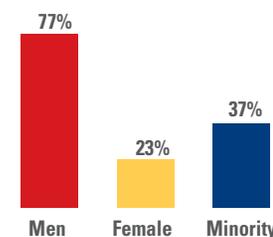
25% increase in our global leadership development program participants



Voluntary Turnover



New Hires



INCLUSION AND DIVERSITY

Our success as a world class global service provider depends on our ability to attract and retain a highly skilled workforce reflecting diversity in nationality, race, age, culture, religion and skill set. Inclusion of people with different backgrounds and perspectives increases creativity and innovation and enables us to reach for maximum performance.

Management Approach

Our workforce management and global Human Rights policies outline our principles for an inclusive and diverse workplace where we treat all people equally and with dignity and respect.

Platform to promote diversity at KBR

Our ASPIRE employee resource group promotes an inclusive environment where especially women and minorities are empowered to develop and cultivate their leadership aspirations. In 2017, our third ASPIRE chapter was launched by local employees in our Chennai office in India. Interactive sessions led by mostly female leadership, brown bag sessions, webinars, networking events, panel discussions, monthly newsletters and book club sessions are held throughout the year to promote a diverse and inclusive work place for our employees. We also hosted a MARC ("Men Advocating Real Change") leadership panel discussion with participating senior leadership from peer companies.



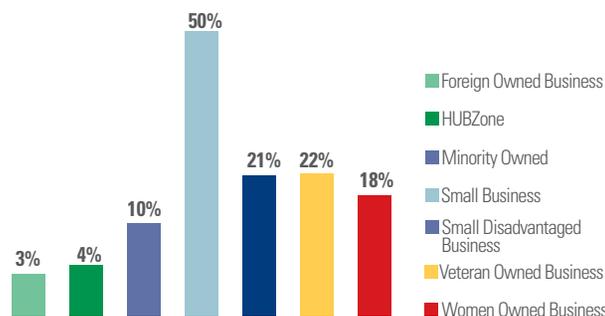
Board Diversity

In 2017 we welcomed our second female board member, who is a retired Three-Star General of the U.S. Air Force. Our Board of 10 members consisted of two female members and two retired Generals of the U.S. Air Force. A snapshot of our Board diversity is provided in our 2018 Proxy Statement.

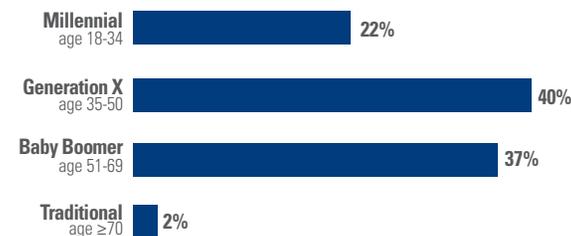
Supplier Diversity

We continually seek to provide business opportunities to local diverse-owned business suppliers and help them grow their capabilities. Where applicable, we prepare a list of opportunities for goods and services needed by our projects. This list is divided into packages compatible with the capabilities of local businesses. It explains how to approach KBR's local procurement and subcontracts groups to obtain further information on service or commodity needs and how to file a business interest application. The list is then published as the "Business Opportunities Brochure," and is distributed to businesses, Chambers of Commerce and small business organizations. It is also made available to Non-Governmental Organizations and major donors to provide them with information and the opportunity to support local businesses. In 2017, we engaged in business with diverse-owned suppliers accounting for 5% of our total procurement.

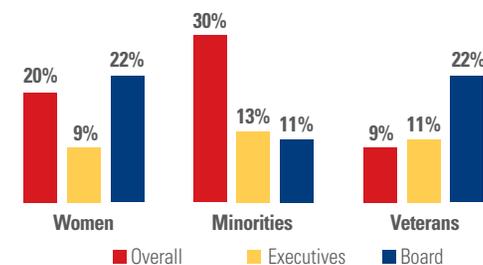
Diverse-Owned Suppliers



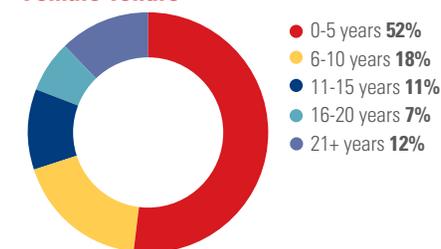
Workforce Profile by Generation



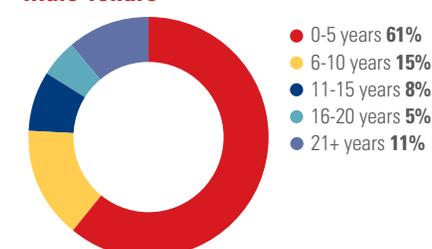
Company Demographics



Female Tenure



Male Tenure



HUMAN RIGHTS

Upholding and protecting **Human Rights** is the responsibility of every one of us at KBR as we are dedicated to conducting business without violating the fundamental standards of treatment of people around the world.

Management Approach

We require our people, contractors and suppliers to comply with our Human Rights and **trafficking in persons** policies and principles and encourage them to report any behavior that invades anyone's right to be treated with dignity, fairness, respect and equality. We maintain a zero tolerance approach to anyone who violates our Human Rights and trafficking in persons policies, after substantiation of any allegation.

We manage Human Rights across our business starting at the top with oversight and involvement by the Board through periodic reporting of allegations and resolution of substantiated matters. Employee awareness is managed through our annual COBC training. Our supplier code of conduct defines KBR's expectations of suppliers and subcontractors concerning their work with KBR, including compliance with local and international applicable laws related to Human Rights. Our Human Rights policy is reviewed on a

regular basis to assess our risk based approach and to address topics that become increasingly concerning on a global level. Our 2017 review resulted in discussing #MeToo awareness sexual harassment and assault, leading us to create additional training material that was provided early 2018 to the legal and HR department. Our goal is to train all employees in 2018 on this topic.

CTIPs ("Combatting Trafficking in Persons") Program

Our robust CTIPs compliance plan ensures that we continually assess violation risks and that corrective actions are taken in a timely manner. A CTIPs plan is in place for every government project site, applicable to our own employees and those of our subcontractors. We critically review our subcontractors' CTIPs plans prior to starting work in order to ensure risks are mitigated. Every three months we conduct audits through employee and subcontractor interviews and employee accommodation inspections. In addition, we periodically interview our subcontractors' management. It is the responsibility of our Government Services Quality Assurance ("QA") function to provide oversight for our CTIPs program. QA conducts biannual assessments to ensure the effectiveness of the program.



COMMUNITY ENGAGEMENT

Management Approach

Our charitable contributions policy emphasizes our obligation as corporate citizens to support charities and outlines KBR's standards and guidelines for contributing. The policy requires all charitable contributions to be reviewed by our Compliance department.

We have extensive experience providing basic training, skills upgrading and professional development of local workforces around the world. KBR established a methodology for recruiting, training, and qualifying local technical workers, which we have continued to use on major projects. We recruited local management, field and office personnel for the approximately 150 new offices and project sites established in 2017.

Our Contributions

Hurricane Harvey

In 2017, approximately 300 employees' lives were disrupted and affected by the devastation of Hurricane Harvey. Immediately following the devastation, KBR granted all impacted employees two weeks of paid off time ("PTO") to take care of their families and their homes. In addition, co-workers donated approximately USD 81,000 and 2,200 hours of PTO and KBR donated USD 500,000 to the KBR Disaster Relief Fund. Our accounting team in Houston spent approximately 60 volunteer hours at the Houston Food Bank in the aftermath of the hurricane.

KBR Charity Golf Tournament

We organized our 11th annual charity golf tournament this year and over USD 500,000 was raised for donations to the Houston Fire Department, Buffalo Bayou Partnership, Impact a Hero, St. Jude Children's Hospital and the Houston Texans Foundation. In addition to a monetary donation, KBR purchased a high water rescue vehicle for the Houston Fire Department with the funds raised at the tournament.

Contributing to St. Jude Children's Research Hospital

KBR was the presenting sponsor for the organization's major event hosted in conjunction with the Super Bowl. We donated USD 100,000, our largest contribution to date, benefiting the lifesaving mission of St. Jude, ensuring that families never receive a bill for a child's medical treatment.

US\$ 100,000
donated to St. Jude
Children's Hospital

Charitable Partnership with the Houston Texans

KBR and the Houston Texans Foundation established a partnership in 2017 to support communities in Houston. Activities supported this year were sponsoring the Houston Texans Kids Triathlon presented by Texas Children's Hospital in Houston and the Texas School Supply Drive, enabling us to donate over 250 filled back packs with school supplies.

Delivering a joyous Christmas to Polish Orphans

Our KBRwyle employees in Poland sought Christmas gift sponsors for each of the 27 orphans ranging from 6 to 17 years old in an orphanage located in Zagan, Poland.

Empowering Women in the Construction Industry

Our KBR Wabi office in Canada sponsored two Women Building Features Construction Basics Programs covering safety, building skills, basic tools and equipment training, drawing and blueprint reading, financial planning and workplace culture preparation.

US\$ 500,000
raised at our 11th annual
charity golf tournament

US\$ 500,000
donated to the KBR
Disaster Relief Fund by
KBR Corporate

US\$ 81,000
+
2,200 PTO
hours employees
donated for
hurricane relief



Monitoring Astronauts' Lives to Ensure Mission Success

Throughout their time in space, our people provided 24/7 medical assistance and monitored the health of astronaut Peggy Whitson and her fellow crewmates to minimize the negative effects of microgravity while in orbit and ensure a safe and injury-free adaptation to Earth. They continue to monitor and collect data on the astronauts for one year after readapting to Earth in 2017. We also provided psychological support and communications for crew members and their families.

Supporting Education in Greater Houston Area

Our IMPACT employee group in Houston organized a bowl-a-thon and raised nearly USD 20,000 to help teach K-12th grade students about financial literacy, workforce readiness and entrepreneurship. Over 315,000 students were reached through this program.

Computers Refurbished in Saudi Arabia

The Saudi Arabia IMPACT employee group spent hours to refurbish 40 used KBR personal computers and donated these to a local charity that provides care to underprivileged children. In addition, our IMPACT volunteers raised SAR 20,000 (USD 5,300) for the charity through fundraising efforts and health awareness campaigns.

Sponsor of Army Ten Miler

For the 12th year we joined the Association of the U.S. Army as co-lead sponsor of the Army Ten Miler in Washington, D.C. All proceeds went to the U.S. Army's Morale, Welfare, and Recreation program, which provides a variety of family, morale, welfare and recreation programs and services to soldiers and their families.

Bringing Joy to Young Cancer Patients

Our Houston employees partnered with Sunshine Kids to host the organization's Annual Spring Party for young cancer patients from Texas Children's Hospital and M.D. Anderson Children's Cancer Hospital and their families. The kids had the opportunity to create spring crafts, participate in an interactive photo booth, dance to a live deejay and enjoy lunch.

As part of Divali, the Indian Festival of Lights, our IMPACT employee group in New Delhi, India, partnered with a local non-profit organization to visit the kids' Cancer Ward of a government owned hospital. They donated coloring books, story books, candles, water bottles, toys and chocolate to distribute to over 50 children undergoing cancer treatment.

Keeping Families Warm during Winter

Employees from our New Delhi, India office organized a winter clothes donation drive and distributed the donated clothes, blankets and quilts among 30 needy families living in an impoverished area located near the local office.

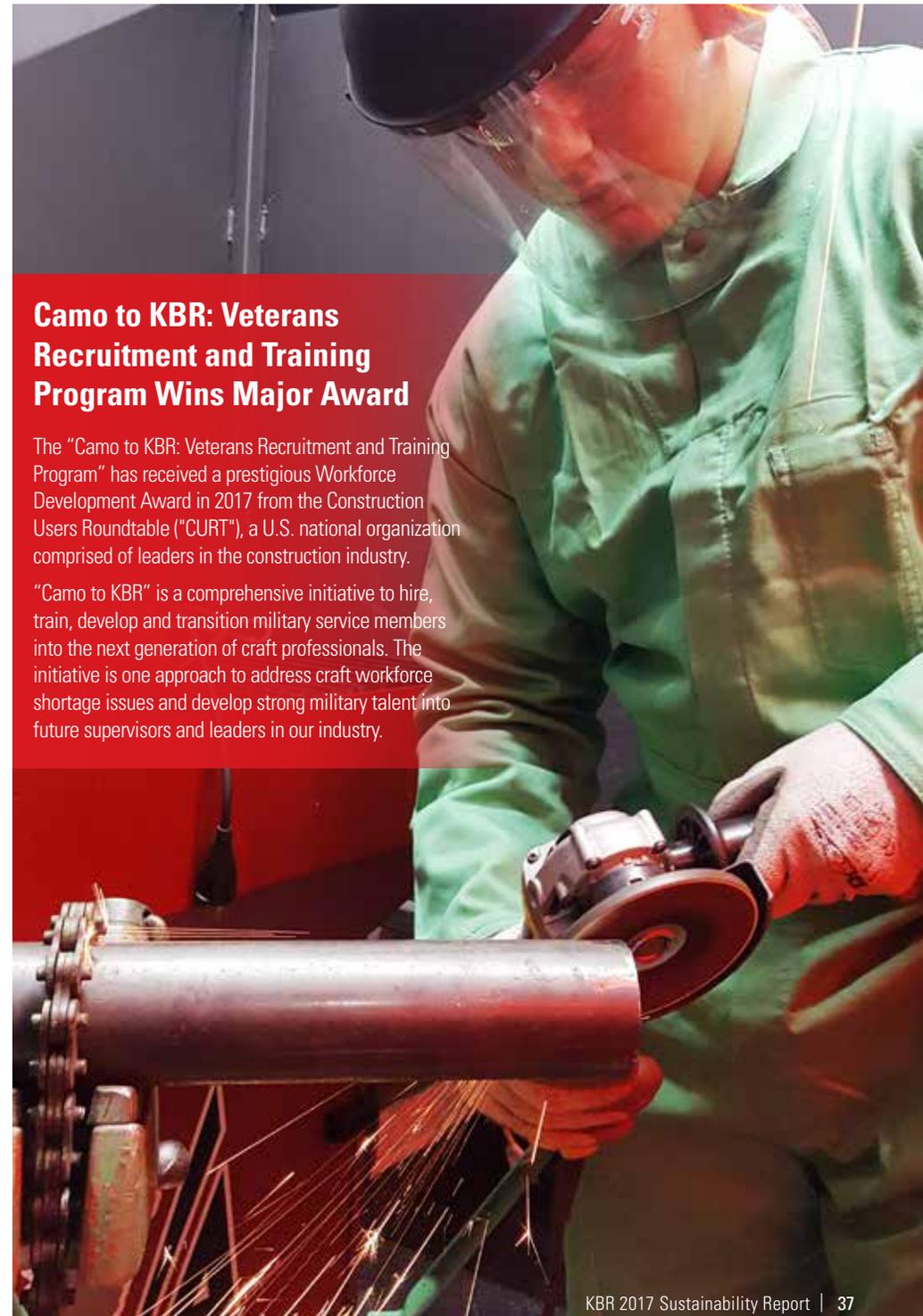
Raising Mental Health Awareness

A group of employees from our Leatherhead, U.K. office started the "OK NOW" ("ONE KBR Network of Wellbeing") initiative and, in conjunction with World Mental Health Day, hosted a cake sale and raised approximately GBP 740 (USD 1,000) to educate fellow employees about mental health issues in the workplace. The event also promoted KBR's Employee Assistance Program and other KBR wellness resources and programs.

Camo to KBR: Veterans Recruitment and Training Program Wins Major Award

The "Camo to KBR: Veterans Recruitment and Training Program" has received a prestigious Workforce Development Award in 2017 from the Construction Users Roundtable ("CURT"), a U.S. national organization comprised of leaders in the construction industry.

"Camo to KBR" is a comprehensive initiative to hire, train, develop and transition military service members into the next generation of craft professionals. The initiative is one approach to address craft workforce shortage issues and develop strong military talent into future supervisors and leaders in our industry.



General Disclosures Global Reporting Initiative (GRI) Standards:
Core Option

Response

Organizational Profile

102-1	Name of the organization	KBR, Inc.
102-2	Activities, brands, products, and services	Page 6, 7
102-3	Location of headquarters	Houston, Texas
102-4	Location of operations	Page 6
102-5	Ownership and legal form	KBR is a publicly traded, incorporated Company.
102-6	Markets served	Page 6, 7
102-7	Scale of the organization	Page 5, 8
102-8	Information on employees and other workers	Page 5
102-9	Supply chain	Page 26
102-10	Significant changes to the organization and its supply chain	Page 26. KBR had no significant changes in its supply chain in 2017.
102-11	Precautionary Principle or approach	<p>Based on our clients' environmental and social impact assessment, we develop a project environmental management procedure for each project we execute. This procedure addresses sustainability objectives and risks throughout all phases of the project. In addition, we perform environmental surveys at the beginning and the end of a project to ensure existing impacts to the environment are identified and remedied prior to beginning work and to ensure no environmental impacts from our operations remain when the project is completed.</p> <p>Our role in environmental sustainability of projects has often been to implement processes and procedures to comply with the sensitive habitat, flora and fauna protections as required by the client and local governments. Our environmental management procedure requires frequent inspections and monitoring to evaluate environmental aspects and impacts prior, during and after project execution. Such aspects include but are not limited to energy consumption reduction, waste minimization and recycling, noise abatement, air emissions control, erosion control, water and wastewater treatment, water quality management and habitat health monitoring.</p>
102-12	External initiatives	KBR expressly supports the UN Global Compact and the United Nations Declaration of Human Rights (UDHR), also known as the UN Human Rights Charter. We have committed to contribute to global progress and intend to use the United Nations Sustainable Development Goals (SDGS) to guide our efforts in future years.
102-13	Membership in associations	Global Memberships & Organizations, Page 44

General Disclosures	Global Reporting Initiative (GRI) Standards: Core Option	Response
Strategy		
102-14	Statement from senior decision maker	Message from Our CEO, Page 3
102-15	Key impacts, risks, and opportunities	Materiality, Page 13 and 2017 Annual Report and Form 10-K
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Page 9 for our Mission, Vision & Values and Page 16 for our Corporate Behaviors
102-17	Mechanisms for advice and concerns about ethics	See Business Ethics, Page 16. Any violation of the law or the Code of Business Conduct can be reported either directly or anonymously through the confidential KBR Ethics Hotline and Reporting system at EthicsPoint. The hotline is available 24 hours a day, 7 days a week. In addition, an investors' hotline is available to enable stockholders to call with concerns.
Governance		
102-18	Governance structure	Governance, Page 9 & 10
102-19	Delegating authority	Governance, Page 10
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance, Page 10
102-21	Consulting stakeholders on economic, environmental, and social topics	Insights from our Stakeholders, Page 12
102-22	Composition of the highest governance body and its committees	Governance, Page 10
102-23	Chair of the highest governance body	Loren K. Carroll, Chairman of the Board
102-24	Nominating and selecting the highest governance body	Please see KBR's 2018 Proxy Statement
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance, Page 9 & 10
102-28	Evaluating the highest governance body's performance	Please see KBR's 2018 Proxy Statement
102-29	Identifying and managing economic, environmental, and social impacts	Materiality, Page 13
102-30	Effectiveness of risk management processes	Please see KBR's 2017 Annual Report and Form 10-K
102-31	Review of economic, environmental, and social topics	Governance, Page 9 & 10
102-32	Highest governance body's role in sustainability reporting	Governance, Page 10
102-35	Remuneration policies	Please see KBR's 2018 Proxy Statement
102-36	Process for determining remuneration	Please see KBR's 2018 Proxy Statement
102-37	Stakeholders' involvement in remuneration	Please see KBR's 2018 Proxy Statement

General Disclosures	Global Reporting Initiative (GRI) Standards: Core Option	Response
Stakeholder Engagement		
102-40	List of stakeholder groups	Insights from our Stakeholders, Page 12
102-41	Collective bargaining agreements	As of December 31, 2017, we had approximately 20,000 employees world-wide (excluding joint ventures), of which approximately 8% were covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Insights from our Stakeholders, Page 12
102-43	Approach to stakeholder engagement	Insights from our Stakeholders, Page 12
102-44	Key topics and concerns raised	Page 12, 13
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Please see KBR 's 2017 Annual Report and Form 10-K
102-46	Defining report content and topic boundaries	About this Report, Page 2
102-47	List of material topics	Materiality, Page 14
102-48	Restatements of information	None after we restated our 2013 Annual Report and Form 10-K in 2014.
102-49	Changes in reporting	In 2017, KBR is using the General Reporting Initiatives (GRI™) Core Standard. In 2014, 2015 & 2016, KBR reported using GRI G4 Core guidelines.
102-50	Reporting period	January 1, 2017 to January 31, 2017
102-51	Date of most recent report	2016
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	If you have questions on this report please email us at Investors@kbr.com.
102-54	Claims of reporting in accordance with the GRI Standards	GRI™ Core Standard
102-55	GRI content index	Page 39
102-56	External assurance	This report was not third party verified except for financial data cited in our 2017 Annual Report and Form
Management Approach Disclosures		
103-1	Explanation of the material topic and its boundary	Page 14
103-2	The management approach and its components	See the Management Approach write up in each Material Topic Section.
103-3	Evaluation of the management approach	Page 18. As part of an Integrated Management System (IMS), we review and evaluate all policies, procedures, manuals and guidelines at least annually.

General Disclosures Global Reporting Initiative (GRI) Standards:
Core Option

Response

Additional Disclosures

Economic

201-1	Direct economic value generated and distributed	2017 Financial Performance, Page 8.
201-3	Defined benefit plan obligations and other retirement plans	Please see KBR's 2017 Annual Report and Form 10-K
202-2	Ratios of standard entry level wage by gender compared to local minimum wage	All employees are paid at least the legally required minimum wage.
203-1	Infrastructure investments and services supported	Investments are provided indirectly through our customers' infrastructure projects.
204-1	Proportion of spending on local suppliers	Material Topic: Supply Chain, Page 26
205-1	Operations assessed for risks related to corruption	Material Topic: Anti-Corruption, Page 17
205-2	Communication and training about anti-corruption policies and procedures	Material Topic: Anti-Corruption, Page 17
205-3	Confirmed incidents of corruption and actions taken	We consider this information to be confidential.

Environment

302-1	Energy consumption within the organization	Page 28
302-2	Energy consumption outside of the organization	KBR Technologies provide energy efficiencies. Please see Environmental Impacts on page 28. In addition, we offer through our Consulting and Project Management, many energy savings initiatives for our clients' projects outlined in the Environment section on page 27.
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 29
304-2	Significant impacts of activities, products, and services on biodiversity	Material Topic: Environmental Impacts, Page 28 and page 29
304-3	Habitats protected or restored	Material Topic: Environmental Impacts, Page 29
306-1	Water discharge by quality and destination	We only track this information for the buildings that KBR owns. In 2017, KBR owned one office in Leatherhead, UK. All other facilities are leased. Our water usage was 2,081,349 UK Gallons in 2017, down from 2,530,768 in 2016.
307-1	Non-compliance with environmental laws and regulations	Page 29. We had no instances on non-compliance in 2017.
308-1	New suppliers that were screened using environmental criteria	Page 26. Through our Pre-Qualification Questionnaire, we ask the following questions: Are you BS EN ISO 14001 Registered?; Do you have an Environmental Policy?; and Do you have a nominated person responsible for Environmental?
308-2	Negative environmental impacts in the supply chain and actions taken	Page 26. We have not had a reported issue or concern with any approved supplier on their environmental performance.

General Disclosures Global Reporting Initiative (GRI) Standards:
Core Option

Response

Additional Disclosures

Social

401-1	New employee hires and employee turnover	Material Topic: Employer of Choice, Page 33
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We provide medical, pharmacy, dental, vision, life insurance, accidental insurance, disability, Employee Assistance Program, retirement savings and pension (in UK), stock purchase program, worker's compensation to our full-time employees based on based on eligibility requirements in each Country's local law.
401-3	Parental leave	Parental leave is offered based on eligibility requirements in each country's local law.
402-1	Minimum notice periods regarding operational changes	KBR gives employees as much notice as practicable prior to the implementation of significant operational changes, and follows any legal obligations with respect to notifying employees prior to the implementation of operational changes that could substantially affect them.
403-1	Workers representation in formal joint management-worker health and safety committees	Material Topic: Safety and Physical Security, Page 20 and 21
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Material Topic: HSE, Page 22
403-3	Workers with high incidence or high risk of diseases related to their occupation	Material Topic: HSE, Page 20
403-4	Health and safety topics covered in formal agreements with trade unions	Material Topic: HSE, Page 20
404-2	Programs for upgrading employee skills and transition assistance programs	Material Topic: Employer of Choice, Page 32
404-3	Percentage of employees receiving regular performance and career development reviews	All regular full-time employees receive a performance and salary review.
405-1	Diversity of governance bodies and employees	Material Topic: Diversity & Inclusion, Page 34
405-2	Ratio of basic salary and remuneration of women to men	Material Topic: We intend to report this in a future report.
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
410-1	Security personnel trained in Human Rights policies or procedures	All KBR employees; JV employees and subcontractors, including security, are trained annually on our COBC, which includes Human Rights policies and procedures.
412-1	Operations that have been subject to Human Rights reviews or impact assessments	Material Topic: Human Rights, Page 35. Human Rights reviews and assessment were performed globally for KBR with 100 of our internal ops and through our CBOC procedures 100 percent of our suppliers.
412-2	Employee training on Human Rights policies or procedures	Material Topic: Human Rights, Page 35

General Disclosures Global Reporting Initiative (GRI) Standards:
Core Option

Response

Additional Disclosures

Social (continued)

412-3	Significant investment agreements and contracts that include Human Rights clauses or that underwent Human Rights screening	Material Topic: Human Rights, Page 35
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement, Page 36.
414-1	New suppliers that were screened using social criteria	All suppliers are screened for their safety and business records. Our Supplier Code of Conduct is communicated and agreed to prior to contract and clearly defines KBR's expectations of suppliers and subcontractors concerning their work with KBR, including compliance with laws, HSE, the U.S. Foreign Corrupt Practices Act and other anti-corruption laws, as well as Human Rights issues relating to discrimination and harassment, child labor and human trafficking.
415-1	Political contributions	USD 5,500

LIST OF GLOBAL MEMBERSHIPS AND ORGANIZATIONS

HEALTH, SAFETY & SECURITY

- Acoustical Society of America (ASA)
- Advancing UK AeroSpace, Defence and Security industries (ADS)
- Aerospace Medical Association (AsMA)
- American Society for Gravitational and Space Research
- American Society of Safety Professionals (ASSP)
- Association of Old Crows (AOC)
- Board of Certified Safety Professionals (BCSP)
- Intelligence and National Security Association (INSA)
- International Academy of Aviation and Space Medicine
- International Institute of Noise Control Engineering (IINCE)
- Space Medicine Association
- Workplace Safety Australia

ENVIRONMENT

- Academy of Environmental Engineers and Scientists (AAEES)
- Ammonia Energy Association (formally NH3 Fuel Association)
- Australian Water Association (AWA)
- Buffalo Bayou Partnership
- Carbon Disclosure Project (CDP)
- CRC for Water Sensitive Cities
- Department of Environment
- Global Water Intelligence
- Renewable UK
- Stormwater Industry Association
- Water Environment Federation

INFORMATION SECURITY

- Armed Forces Communications and Electronics Association (AFCEA)
- ASIS (International is a global community of security practitioners)
- Association of Certified Fraud Examiners (ACFE)
- InfraGard

EMPLOYER OF CHOICE / INCLUSION & DIVERSITY / HUMAN RIGHTS

- ABC Greater Houston Construction Careers Youth Committee
- ABC Greater Houston Industrial Training Council
- ABC National Craft Championships
- ABC National Workforce Programs Committee
- Construction Users Roundtable Workforce Development Committee
- Engineering Construction Industry Training Board (ECITB)
- Greater Houston Partnership UpSkill Houston Construction Sector Council
- The International Stability Operations Association (ISOA)
- NCCER National Workforce Development Committee
- Women Business Enterprise Alliance
- Women In Science and Engineering (WISE)

SUPPLY CHAIN

- American Society for Quality (ASQ)
- Asset Management Council
- CAPS Research
- East Harris County Manufacturers Association Workforce Development Subcommittee
- Engineering and Construction Contracting Association (ECC)
- Institute for Supply Management
- National Contract Management Association (NMCA)
- Procurement Executives Group
- Project Management Institute (PMI)