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List of Global Memberships and Organizations



Our Biggest Global Pursuit

The cover image represents our largest global initiative to date — to eliminate plastics from the ocean.

More on page 25.

About this Report

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Information presented in this Sustainability Report covers business activity in the 2018 calendar year and is a comprehensive and transparent representation of the Company's sustainability profile for environmental, social and governance performance. 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, 2018, unless otherwise noted. This report was published November 22, 2019.

This report has been prepared in accordance with the Global Reporting Initiative (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 Corporate Secretary and KBR's Health, Safety, Security, Environment and Social Responsibility Board Committee.

External assurance has been limited to financial data as reported, which is certified in our 2018 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 operations, consolidated entities and financial performance is available in our 2018 Annual Report and Form 10-K, available for download at kbr.com.

KBR has reported annually since 2013 under the GRI G4 Core guidelines and since 2017 under the GRI Core Option Standards. The last report published was for the calendar year 2017. The GRITM is a third-party organization and the world's most widelyused sustainability reporting framework. We intend to report annually.

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



A MESSAGE FROM OUR CEO

Our Business

Dear Stakeholders.

It is with great delight that I present KBR's rebranded sustainability report to you. With the input of our employees globally, we developed a new logo and brand in-house and could not be more pleased with the results. Our new logo reflects the elevated, energized and dynamic company we are today, thanks to our KBR employees who made this happen.

As I reflect on our progress this past year, I am proud of what we accomplished together and I praise every KBR employee around the world for bringing their passion for sustainability to work every day.

This passion for sustainability is seen in our exceptional Total Recordable Incident Rate (TRIR) improvement of 11% from last year and 54% since the inception of our Zero Harm program in 2014. Despite these improvements, I am deeply saddened by a fatality of one of our employees in 2018. This is unacceptable and underscores the importance of improving our safety behavior even more and being more alert to our own safety risks and those of our colleagues.

It is seen in our efforts to innovate and generate clean energy solutions driven by a growing global demand for cleaner motor fuels and stricter environmental standards. In 2018, we commercialized our first K-SAATTM (KBR Solid Acid Alkylation Technology) plant in China and received our first order in the U.S. K-SAATTM is a revolutionary technology to produce alkylate, an ultra-clean gasoline blend stock, by avoiding complex acid handling and cooling cost. In addition, our ROSE® technology is a revolutionary solution to IMO 2020 regulations that we continued to commercialize in 2018. The ROSE® technology splits residue from a mix of crude oils into deasphalted oil and asphaltene,



Our people's actions demonstrate our mission to preserve our planet while pursuing business growth.

allowing refineries to upgrade a larger proportion of their oil intake into high-grade products. This allows a different product mix and provides more flexibility to respond to market developments and reduce the environmental footprint of refinery products.

Our passion for a sustainable planet is seen in the launch of "KBR One Ocean," our global employee-led initiative to find an engineering solution to protect our oceans from harmful plastics.

And it is seen in the many events we organize to raise funds for good causes, such as the KBR annual golf tournament, which raised over \$520,000 in 2018. Since its inception in 2007, our annual golf tournament raised over \$5 million benefiting more than 50 local and national non-profit organizations supporting health, safety, the environment and education.

Our people's actions demonstrate our mission to preserve our planet while pursuing business growth. As we approach our 100th anniversary in 2019, we recognize our many achievements in the past century to build a sustainable future, but we also realize that there are opportunities for us to improve and make a more lasting impact. Therefore, we remain committed to promoting our Zero Harm culture by aiming for zero health, safety, security and environmental incidents. And we demonstrate through our commitment to our ethical principles that we carry out our mission with integrity, as ethics is a vital part of who KBR is as a company.

The external recognition we receive, including three nominations by the U.K.'s Better Society Awards (Impact Company of the Year, Environment, and Communication and Education), is evidence that we are contributing toward a better, more equal, ethical and sustainable world for all. I could not be more optimistic of KBR's future and the future that our incredible people are building for communities and our planet.

Stuart Bradie KBR, Inc. President and Chief Executive Officer



A MESSAGE FROM OUR HEALTH, SAFETY, SECURITY, ENVIRONMENT AND SOCIAL RESPONSIBILITY COMMITTEE CHAIR

At KBR, 2018 was a year of focus and hard work leading to growth and renewal. We embraced our responsibility and continued our exciting journey to deliver a sustainable future for KBR. the planet and its citizens. We assessed our value chain and identified areas where we could make the biggest impact in supporting the UN Sustainable Development Goals (UN SDGs). While assessing our processes, risks and opportunities, we continued our efforts to make our existing policies and programs that are of key sustainability concern more robust. We are proud to report some of our achievements in 2018 that strengthened our sustainability pillars:



Operating Responsibly

- Our Total Recordable Incident Rate was reduced from 2017 by 11% to 0.191.
- Our employees launched "KBR One Ocean" to find an engineering solution to eliminate plastics from the ocean.
- We deployed the Courage to Care Conversations and SAFE (Shaping Accident Free Environment) Tour phone application to enable all employees worldwide to log Courage to Care Conversations and SAFE Tours.
- We implemented additional on-site safety measures following a fatality,

such as a buddy system to eliminate lone working.

More information is included on pages 16-36.



Our Business

Operating with Integrity

■ We began the process of upgrading our online platform for delivering our annual ethics and compliance training to provide enhanced training to our employees and improve our ability to track key metrics.

More information is included on pages 37-38.



Caring About People

- To promote inclusion and diversity at KBR, we piloted training on sexual orientation and gender identity with the plan to roll it out to all employees globally.
- To increase #MeToo awareness, we delivered harassment prevention and awareness training to selected groups within the company.
- In accordance with the U.K. Modern Slavery Act, we reviewed ways to enhance and improve management oversight to avoid workers being abused or exploited and provided training to all U.K. employees in addition to our annual ethics training provided to all employees globally.



KBR's HSSE&SR Committee from left to right: Mark Baldwin, Ann Pickard (chair), Lt. General Wendy Masiello, Umberto della Sala.

- While working on our rebranding, we began our Employee Value Proposition project that focused externally on our brand and internally on employee experience.
- We selected a cloud-based system to integrate and standardize our recruiting, hiring, onboarding, performance, compensation and career-tracking processes.

More information is included on pages 39-46.

Our efforts from this past year underscore KBR's commitment to be a good corporate

citizen and a world-class service provider while enabling our clients to achieve their sustainability goals. We are eager to continue the inspiring journey collectively to create a culture of sustainability at KBR in which everyone feels empowered, engaged, passionate and courageous to make a change.



Ann Pickard HSSE & SR Committee Chair

2018 HIGHLIGHTS











- Impact Company of the Year
- **Environment**
- **Communication** and Education

*The Better Society Awards reward commercial companies who are helping create a better, more equal, ethical and sustainable world for all.





hours volunteered to support communities around the globe

ABOUT KBR | OUR BRAND

KBR evolved into an elevated and advanced organization due to our significant strategic decisions over the past five years. Our in-house rebranding project that began in 2018 and was led by our own employees, delivered a logo and brand that represents who we are today and where we are headed.

The squares represent our differentiating focus on digitalization across our businesses. In our fast-paced and ever changing world, KBR must be agile and innovative to provide the digital solutions The sun represents our relentless efforts around that our customers want and need. the globe and beyond to deliver solutions to the ever-evolving challenges of our clients and the The colors of the squares represent the environments in which we operate. The sun truly environments where KBR delivers solutions never goes down for KBR! to our customers. **Black** represents outer space **Dark Blue** represents water **Green** represents land Light Blue represents the sky The globe is a connection to our history and its vantage point in space represents the breadth of our worldwide operations.

ABOUT KBR | OUR MISSION

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

36,000Employees Worldwide

Including Joint Ventures as of December 31, 2018



ABOUT KBR | OUR SERVICES

We deliver solutions for our clients' most complex problems, recognizing opportunities for impacting and improving the environment and people's lives in the safest way.

GOVERNMENT SERVICES



OPERATIONS & LOGISTICS

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



Our Business

ENGINEERING

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



LIFE & PHYSICAL SCIENCE

We offer expertise in spaceflight medical care and scientific research. We research climate issues and human performance in extreme conditions, and we monitor seismic activity and biological, chemical and nuclear threats.



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, 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 for public safety and national security programs.

HYDROCARBONS

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. We deliver procurement strategies to reduce supply chain costs and deliver the lowest total cost of ownership for our clients' projects.



CONSTRUCTION

Our skill set includes the entire range of project execution — from standalone construction to construction management, to full EPC execution. From detailed pre-construction planning and constructability through project execution, we use our efficient approach and completiondriven tools to promote schedule certainty.



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

TECHNOLOGY



TECHNOLOGY

We provide licensed technologies, catalyst and proprietary equipment to commercialize customers' valuable resources

and plants, facilities and infrastructure. Our technology offerings and services are expansive, 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. 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.



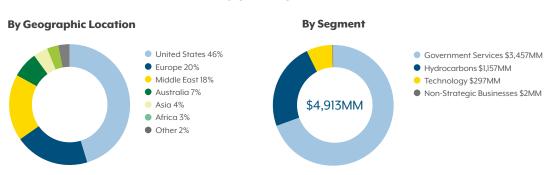


2018 FINANCIAL PERFORMANCE

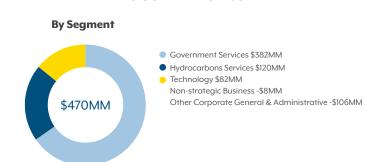




2018 REVENUE MIX



2018 OPERATING INCOME



SUSTAINABILITY AT KBR

For KBR, sustainability means delivering solutions for the world's challenging issues while fostering a sustainable future and advancing people's lives. The ultimate responsibility for sustainability lies with our chief executive officer and the senior leadership team. Our Board plays an essential role in overseeing KBR's strategic priorities and considers sustainability an integral part of KBR's business. The Board's Health, Safety, Security, Environment and Social Responsibility (HSSE&SR) Committee assists the Board with providing more focused oversight for the Company's policies, programs and related risks that concern key public policy and sustainability matters.

Our commitment to sustainability is embedded in our Zero Harm philosophy. Our Vice President, Health, Safety & Security & Environment (HSSE) leads KBR's global Health, Safety and Security functions, and is responsible for our Zero Harm program. Our Corporate Secretary monitors corporate sustainability governance trends, emerging issues and best practices—especially those of relevance to KBR's industry and operations. The Corporate Secretary informs the Board's HSSE&SR Committee on trends and changes in sustainability governance best practices and regulator expectations and ensures executive and key employees understand the emerging trends and responsibilities in corporate sustainability governance. Every employee is responsible for exemplifying Zero Harm every day through a relentless focus to operate responsibly with the highest integrity and without causing any harm to our people, the communities in which we operate and our planet.



Each year KBR celebrates Zero Harm Day at all of our offices around the world.

Through Zero Harm we aim for:

Zero health, safety and security incidents with our employees, contractors, communities and customers at all times.

Zero environmental incidents.



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.

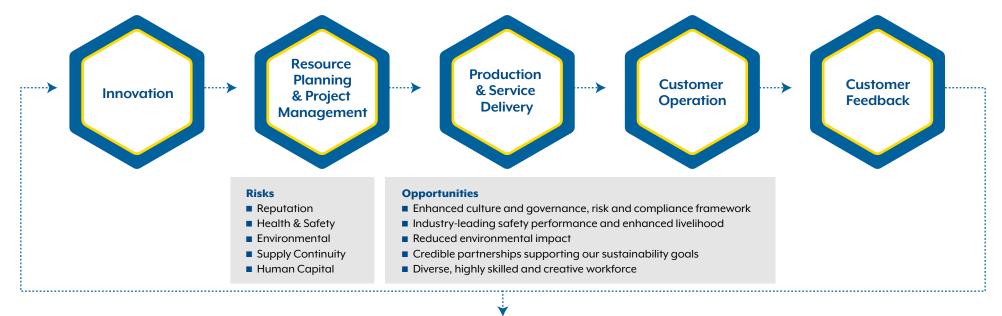
VALUES

- 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



SUSTAINABILITY AT KBR | OUR VALUE CHAIN

To contribute more meaningfully to global progress and the UN SDGs, we identified sustainability risks and opportunities throughout our value chain and the value we deliver.



Enhanced quality of life











VALUE WE DELIVER

Reduced environmental impact









Safeguarded citizens, assets and information





SUSTAINABILITY AT KBR | ADVANCING OUR PLANET AND ITS PEOPLE

The areas we identified in 2018 where we can drive the biggest change in order to support the UN SDGs are illustrated below. Our sustainability strategy focuses on two main goals that are underpinned by commitments throughout our value chain. We will continue to work with our stakeholders to focus on these greas and contribute to the UN SDGs.

PLANET

Our goal is to preserve our planet as we grow our business. As part of this goal, we aim to reduce our environmental footprint while executing projects and to innovate on clean technologies to help our customers achieve their sustainability goals. Through this goal we will contribute to the following SDGs:











PEOPLE

Our goal is to enhance the livelihood of our people and the communities in which we operate. Through this goal we will contribute to the following SDGs:

















Greenhouse Gases

- Reduce energy consumption in our offices
- Innovate in technologies that help customers reduce their environmental footprint

Reduce environmental incidents

Waste

- Engage in initiatives to eliminate plastics from our oceans
- Increase recycling efforts in our offices

Sustainable Sourcing

Increase sustainable sourcing of office materials

Inclusive and Fair Workplace

- Reduce workplace safety incidents
- Build a balanced and diverse workforce with a focus on management

Communities

- Improve livelihoods of small business owners and communities where we execute projects
- Increase community engagement to execute our role in good corporate **c**itizenship



Operating Responsibly



SUSTAINABILITY AT KBR | STAKEHOLDERS' INSIGHT

What matters most to our success is our relationship with our stakeholders. We engage with external and internal stakeholders through formal and informal channels. Our stakeholders' input drives our sustainability focus and the content of our report. The table below illustrates the ways in which we engage with our key stakeholder groups.

STAKEHOLDER	FORMS OF ENGAGEMENT
INVESTORS Stockholders, financial institutions, potential socially responsible investors.	Earnings Conference CallsAnnual Meeting of StockholdersInvestor Presentations
EMPLOYEES The foundation of KBR: all our employees worldwide from project staff to business presidents.	 Ethics Hotline KBR Listens Mailbox Social Media Zero Harm Day SAFE Tours ASPIRE and IMPACT (KBR's employee resource groups) AIM Performance and Talent Management Process
CUSTOMERS The companies and governments who rely on our products and services.	Proposal RequestsTradeshowsProject Close-out Surveys
SUPPLIERS & SUBCONTRACTORS Parties who provide goods and services to KBR in order to execute our contracts.	Supplier Performance EvaluationsPre-inspection MeetingsShop Surveys
JOINT VENTURE PARTNERS Companies KBR agreed to form a business arrangement with to execute specific projects, sharing resources, cost, risk and profits.	 Joint Venture Board and Committee Meetings Project Operation Discussions
GOVERNMENTS Country governments and government organizations around the world.	Liaisons with Regulators and AgenciesAudit Discussions
LOCAL COMMUNITIES Local citizens and communities located in the greas	Community Events Community Meetings and Debriefs

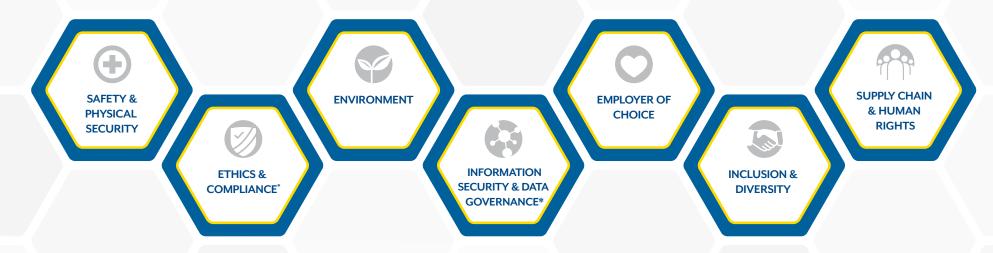


Local citizens and communities located in the areas where we execute projects, impacted by our work.

Community Meetings and Debriefs

SUSTAINABILITY AT KBR | MATERIALITY

We identified the areas that mattered most to our stakeholders and conducted a materiality assessment in 2018. During our assessment we determined the impact of these matters on stakeholders' decisions and our Company's business. Below are the topics we considered material, which remain unchanged from 2017.



OUR MATERIALITY ASSESSMENT PROCESS

Identify

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

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.

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 our relationship.

^{*}We changed the names of these topics in 2019 to include content with a broader scope.

[&]quot;Anti-Corruption" became "Ethics and Compliance," and "Information Security" is now "Information Security & Data Governance."

As we operate on critical projects and in challenging environments, the health, safety and physical security of our employees, contractors and joint venture employees is vital.



Challenge

In order to sustain our business, there is an increased focus and pressure to safely execute projects without harming individuals.

Opportunity

KBR's safety performance has substantially improved since we implemented Zero Harm in 2014. Increasing our focus on the safety of our people will help us to become a world-class, reliable contractor and employer, win the right work and secure long-term profitable growth.

Governing KBR Policies and Procedures

- Code of Business Conduct (COBC)
- Health, Safety, Security and Environment (HSSE) Policy
- Incident Review Board Procedure
- Global Crisis Management Plan Procedure
- Health, Safety and Security Governance of Joint Ventures Procedure

- Drug, Alcohol and Substance Abuse Policy
- Weapons Policy
- Corporate Security Policy
- Preventing Workplace Violence Policy
- Pornography Policy
- Local Emergency Response Plans Procedure

Our Approach

- We conduct annual and project-specific safety and security trainings.
- Regional and business unit leadership review incidents bi-weekly and provide input for our quarterly Incident Review Board sessions.
- Prior to agreements with joint ventures, we assess the equivalence of their HSSE policy and standards with those of KBR and require improvements if not acceptable.
- Our global management short-term incentive plan includes a safety performance metric.
- senior executive management's short-term incentive payout includes a measure for completed SAFE Tours.
- celebrate safety at an annual Zero Harm Day to improve our personal and workplace safety practices.
- global crisis management plan requires all KBR facilities and projects to have a local emergency response plan in place.
- Our 24/7 KBR First Response system keeps employees updated on emergencies and safety measures.
- We issue annual CEO HSSE excellence awards to individuals selected by business unit presidents and our CEO, Zero Harm awards for project sites that complete a minimum amount of consecutive work hours without a work-related injury, and Courage to Care awards to individuals that exemplify excellence with regards to our Zero Harm program.



To further improve our safety performance and security measures in 2018, we:

REVISED our mandatory pre-task risk analysis and task approval process to include a more efficient risk analysis and risk mitigation process conducted at the workface. We included supervisor training, issued booklets to employees and issued standard procedures for routine tasks.

PARTNERED with GardaWorld Worldwide Emergency Assistance Services to provide global medical response from 208 countries of operation. GardaWorld proactively monitors incidents and travelers 24/7 and pushes alerts to those in or traveling to destinations with developing threats, without any cost to employees.

DEPLOYED the Courage to Care Conversations and SAFE Tour phone application for all employees worldwide to log Courage to Care Conversations and for our executives to log their conducted SAFE Tours. The app enables analyzing and summarizing safety performance data and actions by our employees and executives in a user-friendly and efficient way.

MANDATED completion of our Workplace Security Awareness course as part of each employee's performance review to improve our Preventing Workplace Violence program.



CONDUCTED eight crisis management exercises in each region of operation. As of the end of 2018, 100% of our regions have had such exercise. Cases included in the exercises were: hurricanes, kidnapping, airport bombing, warehouse explosion, mass violence attack by vehicle, motor vehicle accident and cyber

LAUNCHED leadership training at KBR operations worldwide focusing on how to become a visible HSSE leader. The training included topics such as: the importance of HSSE leadership, attributes of successful HSSE leadership, and putting HSSE leadership into practice. It concluded with a personal action plan for each trained leader. At the end of 2018, nearly 100% of all KBR operations locations had a trained HSSE leader.

IMPLEMENTED additional on-site safety measures following a fatality, such as: site safety briefing to all employees prior to beginning work and a buddy system to eliminate lone working.

CREATED a full-time crisis manager position dedicated to emergency management, crisis management and business continuity to help KBR better navigate natural disasters and emergency events in the future. The crisis manager trains KBR teams globally via exercises tailored to the vulnerabilities of the site and simulated crises.

Global Total Recordable Incident Rate*

*Calculated by multiplying the number of recordable incidents by 200,000 and then dividing that number by the total number of labor hours worked in the year.

[†] The 2018 industry safety performance results were not published at the time we issued this Sustainability Report.

SHH TO THE

Industry (OSHA Construction Division, NAICS 236-236 (SIC 15-17))



Global Days Away Restricted and Lost Incident Rate[‡]

[‡] Total recordable incidents that warrant days away from work or work restrictions divided by total numbers worked in the year, multiplied by 200,000.

 ¶ Increase in 2017 vs 2016 due to a decrease of 25MM work hours as a result of project close outs in 2017.

§ Increase due to inclusion of Aspire Defence Holdings Limited, acquired in Q2 of 2018.







months without a single recordable incident



TRIR

improvement since Zero Harm introduction in 2014



TRIR

improvement from 2017



training sessions

were provided globally on workplace violence prevention, active shooters, cyber security, crisis intervention, security orientation and insider threat

Our CEO. Stuart Bradie, at Zero Harm Day participating in a demonstration of an energy conserving bike-powered blender.





above

our target population completed our online Workplace Security Awareness course rolled out in 2018



increase

in security awareness global communications

Crisis Incidents Requiring KBR's Security Team's Action	Frequency
Natural Disasters	160
Terrorist Attacks	1
Workplace Violence	5
U.S. Military Response Operations and Security	2
Active Shooter Events	Í
Civil Unrest	1
Employee on-duty deaths	1
Road Closure/Events	1
Protests	2
Project Labor Unrest	1
Cyber Security Threat	1
Bomb Threats	2
Total	178

FEATURE STORY

SAFETY AND PHYSICAL SECURITY



ur Aspire Defence Capital Works project in the U.K. was audited by the Considerate Construction Scheme (CCS) in December 2018 and achieved "Exceptional" scores. The CCS is a non-profit, independent organization founded by the construction industry with the aim of improving its image and reputation. There are five key areas the CCS focuses on: Appearance, Community, Environment, Health & Safety and the Workforce. KBR scored 9/10 in all five areas at each of the project sites, and now all four project sites have received certificates of excellence. We also received one gold and three silver national awards presented only to top performing sites and recognizing exceptional levels of consideration against the Scheme's Code of Considerate Practice.



KBR scored 9/10 in all five areas:

- . Appearance
- Community
- 3. Environment
- 4. Health & Safety
- 5. Workforce



CEO HSSE Excellence Award Winners



William McPheat

Billy integrates HSE into the daily supply, warehousing and procurement operations with ease and is meticulous in his planning, judgment and execution. He consistently leads by example and is not afraid to challenge poor safety behaviors. Since his appointment as Logistics Supervisor at the KBR project based at NATO's Kandahar Airfield in Afghanistan, there has not been a single recordable incident. Throughout his career, he has been dedicated to Zero Harm initiatives including volunteering to be a KBR Fire Marshall and completing several self-funded HSE courses. The project achieved 1,309,866 cumulative hours without a lost time incident.



Camp Lemonnier, Djibouti

KBR has completed two Base Operation Support contracts at the U.S. Naval Support Facility Camp Lemonnier in Djibouti, Africa, achieving 21,323,052 cumulative hours without a lost time incident. The Djibouti project team has been a leader in implementing Courage to Care* and Total Safety Task Instructions†.

†Our mandatory pre-task risk analysis process, which includes a documented workflow for task evaluation, project team review, safety risks and hazard identification, and supervisory review and approval.

^{*} A Zero Harm initiative to encourage employees to have Courage to Care Conversations when identifying and preventing unsafe acts.

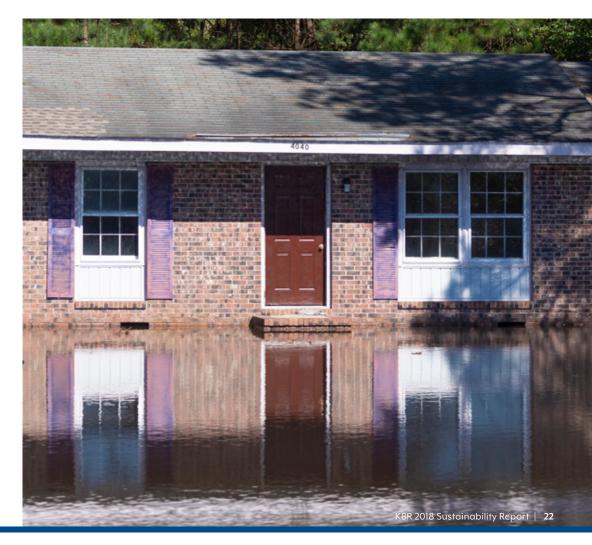
Safeguarding People and Assets During Hurricane Florence

s Hurricane Florence made landfall on the East Coast of the United States in September 2018, KBR's office in Wilmington, North Carolina, suffered significant damage and was uninhabitable, forcing our Wilmington team to vacate the property. Three employees could not return to their homes and were forced to seek temporary lodging. Through constant communication and collaboration, our HSSE department ensured that all Wilmington staff were safe. Finding temporary lodging for displaced

employees involved not only checking hotel availability, but also cross-referencing state websites for road closures to determine if the hotel was reachable and not in a flood zone. With the help of KBR's Information Technology and Real Estate teams, damaged equipment such as laptops, docking stations, computer monitors and servers were shipped to Houston and replaced so our business was least affected. Once again, our people showed great resilience and exemplified their One KBR spirit to take care of each other and KBR's assets.







Helping Clients During Hurricane Michael Aftermath





fter Hurricane Michael demolished the Tyndall Air Force Base in Panama City, Florida, KBR personnel arrived on site within 48 hours to assess the damage and establish critical life support services. Our team has been working around the clock to help the Air Force restore the base. Employees have been tackling a comprehensive spectrum of tasks, such as providing temporary fixes to severely damaged buildings, removing debris, and supplying critical resources for recovery operations. These resources include food, water, ice, emergency power, satellite communications and internet. We also assisted with

airfield management to keep the flight line open for additional supply and relief efforts. In addition to supporting the military at Tyndall, KBR donated \$7,500 to the Air Force Aid Society's (AFAS) fund. These funds will benefit displaced Airmen and their families at the base, as well as others impacted by Hurricane Michael in the hardest hit areas of Florida. AFAS provides emergency financial assistance, educational support and community programs for service members.



ENVIRONMENT

For KBR, it is critical 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 tools and technologies to help our customers reduce their environmental footprint.

Operating Responsibly

Challenge

Environmental degradation is heavily discussed globally and there is an increased focus on companies to minimize their environmental footprint in order to sustain their business.

Opportunity

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, and the use of clean fuels, we have the capability and opportunity to help customers achieve their sustainability goals.

Governing KBR Policies and Procedures/Guidelines

- HSSE Policy
- Project Sustainability Evaluation Process Procedure
- Corporate Radiation Safety Program Procedure
- Occupational Health and Safety Hazard Identification and Risk Assessment Procedure
- Environmental Aspects and Impacts Assessment Procedure
- Sustainability Guideline

Our Approach

- For each project, we develop a project environmental management procedure based on our clients' environmental and social impact assessment.
- We require inspections to take place prior, during and after project execution to assess all environmental aspects and goals.
- We conduct environmental surveys at the beginning and end of projects to ensure existing impacts are identified and remedied prior to beginning work and that no negative footprint remains after we complete a project.
- We require vendors and subcontractors to commit to agreed project sustainability goals with our customers.
- We organize a global World Environment Day celebration with local environmental charities and other non-profit organizations to showcase how we can protect our environment.



ENVIRONMENT

One Ocean

Why We Need Change

- There are approximately 5.25 trillion pieces of plastic debris in the ocean. Of that mass, 269,000 tons float on the surface, while some two billion plastic microfibers per square mile litter the deep sea.
- Every year, 6.4 million tons of garbage are dumped into the ocean. This is the same as 2,000 miles of trucks loaded with garbage.
- 100,000 marine creatures a year are found to have died from plastic entanglement.
- Approximately one million sea birds also die from inadvertently eating plastic.
- It can take between 20 to 1,000 years for a plastic bag to break up into smaller pieces. Those that do, break down into polymers and toxic chemicals.
- It costs US\$4,000 to recycle one ton of plastic bags, and you get a product that can be sold on the commodities market for US\$32.
- At least two thirds of the world's fish stocks are suffering from plastic ingestion.
- Scientists have identified 200 areas declared as "dead zones" where no life organisms can now grow.



n September 2018, we launched "**KBR One Ocean**," an initiative where we will collaborate with local and global schools to find an engineering solution to one of the greatest environmental challenges facing the world - plastic pollution in our oceans. Using our expertise and knowledge, our engineers will mentor and guide the next generation, networking with schools across KBR's global footprint. Using our talented workforce, we will encourage, engage and enlighten future generations through engineering to explore dynamic world changing solutions. In 2018, we visited six schools globally to introduce One Ocean and start collaborations. We also started building a KBR One Ocean phone application to connect students from around the world in their efforts to engineer a solution. See more in our video: One Ocean At a Glance.

Source: www.oceancrusades.org

Our Business

ENVIRONMENT



"Excellent" Sustainability Rating for Railroad Projects

everal railroad projects in Melbourne, Australia were constructed by an alliance that included KBR. KBR managed the design and sustainability requirements across the entire program. In 2018, the Frankston station was completed and opened to passengers. The new station includes a passenger waiting room, new station buildings, improved lighting, security cameras and a customer kiosk. As part of the project, station platforms have been raised to ensure a smoother transition on and off the trains for passengers and major work was done to remove the nearby Skye/Overton Road level crossing.

The project received an "Excellent" sustainability rating from the Infrastructure Sustainability Council of Australia based on a range of factors, including energy efficiency, climate change risk mitigation and stakeholder engagement. Some of the sustainability initiatives include:

 Biodiesel generators and solar lighting were used on site during construction.

- Downstream flooding exacerbated by increased rainfall events due to climate change was identified as a key risk for the project. To minimize this flooding risk a **detention tank** was built into the platform. This innovative solution catered for the heavily constrained site and did not occupy any additional area crucial for operations and patron movement. The detention tank enables water to be captured within the site and gradually released to the stormwater system. This reduces the risk of flooding as the peak volume of water released from the site is lowered. The tank has been sized to account for future increases in rainfall intensity due to climate change to provide mitigation against future risks.
- Station and plant lighting has been **automated** to reduce energy consumption during low occupancy and patronage.
- The station used concrete with high supplementary cementitious material, which reduces the associated pollution in making the concrete.



The KBR Alliance in charge of Melbourne's railroad projects is partnering with the University of Melbourne and Sustainability Victoria to trial the use of recycled glass in concrete on a project in early 2020. The glass will be used instead of sand, which promotes recycling of glass that is often stockpiled in recycling centers across Victoria. KBR will provide design and management services across the design and procurement of the new concrete mix.

ENVIRONMENT

Delivering **ZERO-TO-LANDFILL** Solutions

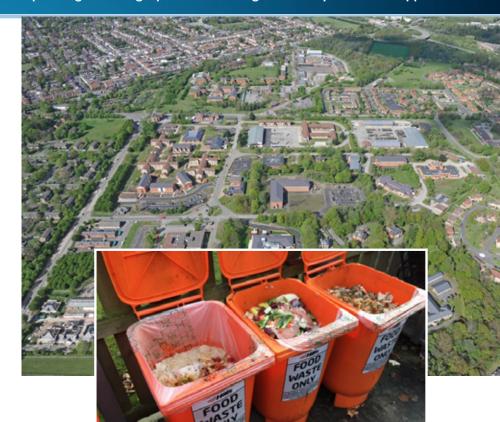
ur Allenby/Connaught project is **one of** the largest Private Finance Initiative infrastructure contracts awarded by the U.K. Ministry of Defence (MoD) for the design, construction and base support services to the British Army over a 35-year period. Through this project, KBR provides modern single living, training and working accommodation for around 25% of the British Army, including new leisure and recreational facilities.

Our project team has significantly improved and expanded our services and reduced the environmental impact of the waste produced at project facilities. Initially, recycling rates were around 10% with the remaining 90% going to landfill. Our challenge in supporting the Army Units to meet their environmental targets was to deliver waste management solutions focused on the diversion of waste from **landfill** by utilizing alternative technologies.

Engaging with the right waste contractor to deliver the vision was essential to deliver our zero-to-landfill goal.

Our project team identified the following alternative recovery options at the project:

- Mixed waste is taken to a facility, where it is **burned to produce electricity** for the national grid. The small quantity of residual ash is used as an additive in building products.
- Food waste is collected separately and is 100% recycled at a facility by using a process called Anaerobic Digestion, which turns the food waste into renewable energy. The renewable energy produced is sufficient to service 4.000 homes in the local community. Additionally, the resulting slurry from the process is used as an **organic** fertilizer for farmers to use on crops in the fields that surround the facility.



tonnes of waste managed

Recycled

53%

Recovered

FEATURE STORY

ENVIRONMENT

Reducing Our Carbon Footprint





Je acquired 20 electric cars to replace some of the gasoline-operated all-terrain vehicles at the Camp Lemonnier U.S. Military Base Operation in Djibouti, Africa. Employees drive the vehicles in performing daily activities. These vehicles are less expensive to maintain and require only eight hours every other day to charge. With these vehicles, we now use less fuel, oil, filters, radiator fluid and other items that internal combustion engines typically need. With the operation of these vehicles, we help reduce waste and emissions that contribute to smog, and we save the U.S. government money with lower maintenance costs.

FEATURE STORY

ENVIRONMENT



Winning the "Global Best Project" Award

s the Program Management Consultant for the Qatar Expressway Program, KBR plays a key role in delivering one of the world's largest road infrastructure projects currently under construction. The program will deliver a world-class new and upgraded road infrastructure network designed to improve highway capacity, connectivity and safety to meet current and future demands of population and economic growth. The Lusail Expressway, one of over 70 projects being delivered as part of the program, was recently named "Global Best Project" in the Road/Highway category by Engineering



- Adopted Safe System Model to reduce the risk of collision and to protect road users from fatal and serious injury by targeting head-on collision, run-off road collision, intersection collision and collisions involving pedestrians.
- Provided safe lighting columns and sign posts to ensure that, if the roadside features are struck, any injury to the road users will be minor.
- Implemented International Road Assessment Program, which is a road safety management tool to assess and monitor the safety of the existing roads and new design.
- Protected plants, trees and shrubs by uprooting and re-planting at identified locations and provided ongoing care.



- Included cycle tracks along the road corridors to provide alternative commuting opportunities and routes for pleasure or exercise to keep fit. The cycle tracks are integrated with the local road cycle network and metro stations and parks. This minimizes greenhouse gas emissions from the use of cars/vehicles run on fossil fuel.
- Installed an Intelligent Transport System with license plate reader cameras, road weather information sensors and weigh-in motion sites for heavy goods vehicles. The system will

be responsible for giving motorists reliable journey time information, reduced congestion, quicker incident response times and reduced maintenance schedules. These factors contribute towards less fuel being used on the roads and provide a platform for a sustainable future in Qatar.

- Reused water collected from **dewatering process** for beneficial purposes at most construction sites (dust suppression and equipment washing).
- Segregated waste at source including demolition waste. Collected and recycled material such as steel, timber, bricks, concrete, plastic, paper, cardboard, used/spent oil, etc.
- Sent excavated rock to crushing facilities where it was crushed into various grades and streams for later reuse at the project sites.
- Recovered and reused asphalt pavement.
- Undertaking a pilot project to use 100% recycled material.

Our Business

Operating Responsibly

Operating with Integrity

FEATURE STORY

ENVIRONMENT

Providing Safe Drinking Water

BR is responsible for the design, manufacture, supply and support of a Combat Water Supply System (CWSS) to provide safe drinking water for U.K. forces deployed abroad. We will bring into service a water purification, storage and distribution system, designed to deliver potable and palatable water. The system will be available for combat operations and for personnel deployed on humanitarian missions such as the recent deployments to the British Virgin Islands where the U.K. military provided life-saving support following the devastating hurricanes Irma and Maria.



ENVIRONMENT

Our Environmental Impact

HOUSTON OFFICE SAVINGS THROUGH RECYCLING

Together we recycled

447,701 pounds of waste Landfilled 47.4% 52.6% Successfully Recycled

Trees Saved

3,193

Landfill Space Saved

Cubic yards

Electricity Saved

930,814

kWh

Oil Saved

Gallons



Pounds

Water Saved

Gallons

LEATHERHEAD U.K. OFFICE CONSUMPTIONS

Electricity

tCO2e

Gas

tCO2e

Paper

Pounds

Water

U.K. Gallons

Note: We have started reviewing ways to measure our consumption globally and intend to report our progress in future reports.

Our Business



ENVIRONMENT

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

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, cleaner burning 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.

Solid Acid Alkylation Technology (K-SAATTM)

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 Energy 2.0 uses 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.

Propane Dehydrogenation (PDH) Technology - K-PROTM

This technology paired with our catalyst technology K-COT™, provides high propane conversion and propylene selectivity while operating at above atmospheric pressure. Our fluidized catalytic reactor technology provides very efficient means for heat addition required to overcome the endothermic reaction. This results in lower energy consumption and greenhouse gas emissions per ton of propylene produced while flue gas NOx, SOx, and particulate emissions can be controlled well within strict environmental limits.



Our Business

Operating Responsibly

Operating with Integrity

INFORMATION SECURITY AND DATA GOVERNANCE

Protecting our employees, subcontractors, joint venture employees and customers against security threats and violations is critical for the success and continuity of our business.

Challenge

The increased volume and sophistication of modern cyber, public safety and national security threats have become main topics globally and countries and companies increasingly focus on protecting their citizens and stakeholders from related threats.

Opportunity

Equipped with a fully certified workforce and three cuttingedge 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 gain their trust, which is a cornerstone for our continued success.

Governing KBR Policies and Procedures

- Data Privacy Policy
- Information Technology Security and Acceptable Use Policy
- IT Major Security Incident Response Procedure
- Disaster Recovery Procedure
- Security Access and User Account Management Procedure
- IT Global Back-Up Retention Procedure

- IT Global Password Standard Procedure
- Acquisition, Delivery and Use of Computer Hardware, Software and Other IT Services Procedure
- **Invention Disclosures and Patent Applications**
- EU U.S. Privacy Shield Procedure
- Employee Personal Data Management Procedure
- Pornography Policy

Our Approach

- We require our employees to complete an annual cybersecurity awareness training.
- We have controls and reviews in place to ensure alignment with industry security framework standards, such as ISO 27001 (governing Information Security Management Systems), and NIST 800-171 (National Institute of Standards and Technology governing non-federal information systems).
- KBR complies with regulatory frameworks 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) and International Traffic in Arms Regulations (ITAR).
- Our IT environment and security controls are assessed annually by internal and external auditors through cyber security penetration and vulnerability testing among other tests. Findings are reported quarterly to our executive leadership and Board.
- Our IT environment is assessed annually by an accredited CREST (Council for Registered Ethical Security Testers) third party assessor to maintain our Cyber Essential and Cyber Essential Plus certifications.



INFORMATION SECURITY AND DATA GOVERNANCE

Our Business

Our efforts in 2018 to protect our stakeholders' personal and business information:

- Filed self-certification application for the EU-U.S. Privacy Shield Framework with the U.S. Department of Commerce.
- Implemented updated policies and procedures related to data privacy.
- Provided ongoing training to key employees around data privacy compliance.
- Provided education and awareness to offices in Europe and around the world regarding compliance with the EU's General Data Protection Regulation (GDPR).
- Reviewed data collection and retention practices and updated privacy notices to employees.
- Reviewed individual access rights procedures for compliance with GDPR.



increase

in cyber investigation cases with complaints filed with the FBI*

*These reported cyber incidents were captured by KBR IT cyber security email gateway filters and resulted in no financial loss due to additional IT security measures deployed that identified these attempts and prevented email delivery. Monthly IT security awareness testing has also proven to prevent any financial losses due to this positive reinforcement IT program.

average KBR resiliency[†] rate for scenarios launched in the last 12 months. This is well above the industry 1.89 average resiliency rate of Cofense^{TM‡} clients.

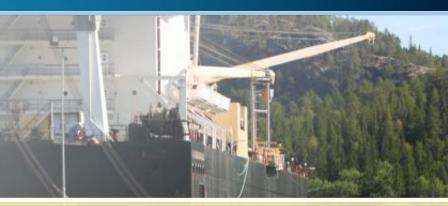
†Resiliency rate is the ratio between users who reported the phishing simulation without falling susceptible in relation to all users who fell susceptible.

‡Cofense™, formerly PhishMe®, is one of the leading providers of human-driven phishing defense solutions world-wide.

of all KBR users have failed phishing simulations 3 or more times during 2018 as compared to 13% in 2017

SUPPLY CHAIN AND HUMAN RIGHTS

Our people are our greatest asset. As we operate globally, we impact economies and business growth, providing opportunities for disadvantaged businesses and local suppliers where appropriate. We respect and uphold the highest Human Rights standards and do not tolerate any form of discrimination, harassment or Human Rights violation.



Challenge

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 increased measures of protection.

Opportunity

Legislation related to human trafficking and forced and bonded labor present opportunities to strengthen our internal measures around the protection of our people, and to build credible collaborations and partnerships.

Governing KBR Policies and Procedures

- Global Human Rights Policy
- Trafficking in Persons Policy
- U.K. Modern Slavery Act
- COBC
- Supplier Code of Conduct

- Combating Trafficking in Persons (CTIPs) Procedure
- Supplier Performance Evaluation Procedures
- Procurement Management Cold Eyes Reviews **Procedures**
- Procurement Corrective Action Team Procedure

Our Approach

- We require all suppliers and subcontractors to certify the KBR Supplier Code of Conduct.
- High-risk subcontractors performing work in high-risk locations outside the U.S. are required to complete our supplier anti-corruption compliance questionnaire.
- We screen new suppliers and subcontractors on their compliance with HSSE codes, ISO certifications and ethical practices through our pre-qualification questionnaire.
- We monitor suppliers and subcontractors on an ongoing basis through performance evaluations, shop surveys and new supplier assessment procedures.
- Our procurement corrective action team reviews all performance evaluations, inspection reports, shop surveys, watch lists and unapproved vendors and collaborates closely with our global master data team to prevent business with non-compliant business partners.
- We have a CTIPs plan in place for every government site.
- Prior to starting work, we perform a critical review of our subcontractors' CTIPs plan as part of our risk assessment process.
- Every three months we conduct CTIPs audits and inspections. Our Quality Assurance function performs biannual assessments of our CTIPs program to ensure effectiveness.





SUPPLY CHAIN AND HUMAN RIGHTS

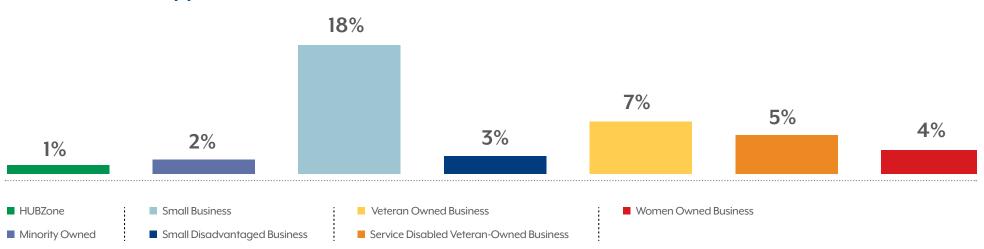
In 2018, we:

- Started reviewing ways to enhance and improve management oversight to avoid workers being abused or exploited.
- Reviewed our processes in the U.K. for appointing potential supply chain providers and included a mandatory compliance clause regarding the U.K. Modern Slavery Act in our suppliers' Anti-Corruption Compliance questionnaire.
- Amended our U.K. sub-contracts to refer specifically to duties under the U.K. Modern Slavery Act.

Our Business

- Ensured that our systems contain appropriate processes to protect lesser skilled workers engaged in overseas locations and provided training to all employees in the U.K. about modern slavery and trafficking in persons. We also referred them to our Ethics Hotline to report any concerns.
- Identified areas to further streamline and digitalize our procurement process. We focused on: the reduction of purchase orders processing time, implementing electronic approvals, introducing radio-frequency identification for tracking people and material at sites and developing mobile phone applications for a more efficient execution of our procurement function.

Diverse-Owned Suppliers





ETHICS AND COMPLIANCE

We believe that operating with integrity is essential to KBR's success, and we have zero tolerance for any unethical behavior by employees, subcontractors, joint venture employees, partners or vendors.

Our Business



The continued success of our business depends on how we manage the risk that comes with operating globally, including corruption and fraud risk, which can harm our reputation of being a service provider of integrity.

Opportunity

Our global emphasis on ethical standards and corruption and fraud prevention has created a culture of awareness and high integrity. Our enhanced control environment and transparency will ultimately lead to decreased instances of misconduct and lower reputation risk.



Governing KBR Policies and Procedures

- COBC
- Anti-Corruption Procedure
- Charitable Contributions Policy
- Trading in Company Securities Procedure
- Sarbanes-Oxley Compliance Procedure

Our Approach

- KBR promotes confidential reporting of any violations of the <u>COBC</u> through several established channels to include KBR's Ethics Hotline, which is managed by a third party and allows for anonymous reporting. KBR prohibits retaliation in any form for reporting suspected violations of the COBC. All allegations are evaluated and investigated.
- COBC allegations of corruption and fraud, as well as allegations involving employees with a role in internal controls over financial reporting, are reported to the Audit Committee.
- Our Anti-Corruption Procedure governs the due diligence requirements and engagement of third parties, provisions of business courtesies and donations and other details of our anti-corruption program.
- All KBR employees are required to complete the annual Ethics training, which reinforces KBR's expectations that employees will conduct business ethically and in accordance with the COBC. In 2018, the Ethics training was offered in 16 different languages and was also provided in classroom settings at remote locations that do not have access to the online training. We provide additional anti-corruption training to targeted employee groups.
- We only engage third parties (sales agents, business partners and other third parties that interact with non-U.S. government officials on KBR's behalf) that complete our rigorous anti-corruption due diligence review and approval process. Our contracts

- with these parties include specific anti-corruption compliance provisions, and the third parties are required to certify compliance with the FCPA and other applicable anticorruption laws.
- Our internal audit services team regularly conducts anti-corruption audits of our projects and office locations on a risk-based approach and periodically conducts anticorruption audits of selected third parties.
- Foreign charitable and community contributions undergo an anti-corruption review and approval process.
- We periodically review all general ledger accounts for facilitating payments, compliance-sensitive payments, and improper fees.
- High-risk projects and offices are required to complete anti-corruption self-assessment questionnaires annually.
- Employees occupying certain positions of substantial authority or critical job functions also complete annual compliance certifications to ensure that the COBC and anticorruption laws are being adhered to throughout the organization.
- COBC allegations of corruption and fraud, as well as allegations involving employees with a role in internal controls over financial reporting, are reported to the Audit Committee.

ETHICS AND COMPLIANCE

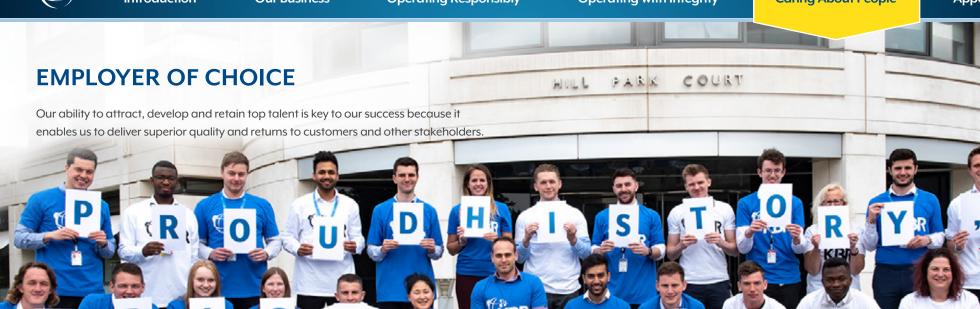
Actions we took in 2018 to make our ethics and compliance governance process more robust:

- We continued our efforts to increase awareness of the various established reporting channels for reporting <u>COBC</u> violations and misconduct. This process included placing Ethics Hotline posters at all KBR sites and offices globally.
- We delivered targeted anti-corruption training to a risk-based selection of locations around the globe.
- We began the process of upgrading our online platform for delivering our annual ethics and compliance training to provide enhanced training to our employees and improve our ability to track completions.
- We continued with the integration of internal controls processes and controls related to fraud and anti-corruption, among other processes, of our acquired companies.



translations of our **COBC** are available to all employees and contractors

countries in which our Ethics Hotline is accessible



Challenge

In order to provide distinguishing service to customers, we need to ensure that we attract and retain top talent and create a work environment that enables employees to advance and innovate.

Opportunity

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.

Governing KBR Policies and Procedures

- Resourcing Policy
- Reward Management Policy
- Talent Management Policy
- Workforce Management Policy

Our Approach

 Our strategy is to invest in maintaining a healthy, safe and productive organization, where individuals have a sense of purpose, can develop and strengthen their leadership skills and feel empowered to innovate and influence our business and the world in a positive way.



EMPLOYER OF CHOICE

To become an employer of choice, we conducted the following in 2018:

Our Business

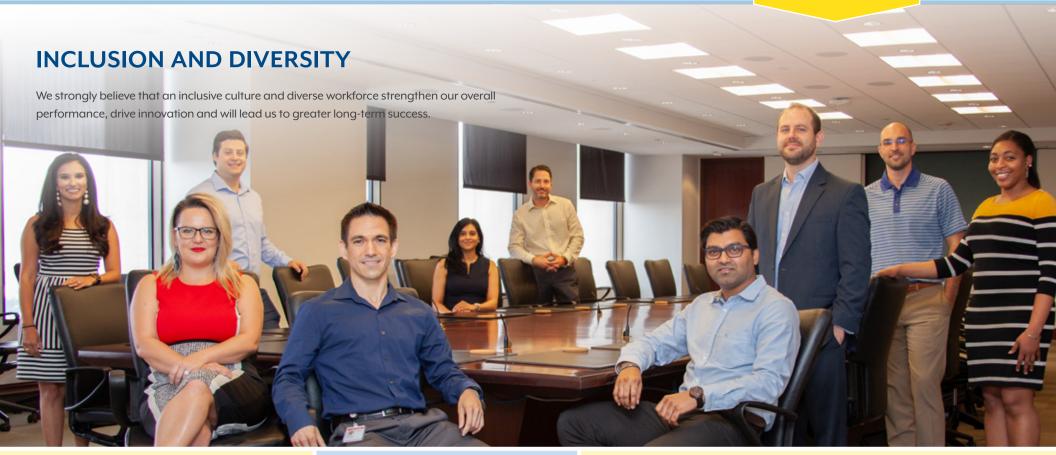
- Began our Employee Value Proposition project focusing externally on our brand and internally on employee experience. Our new brand and rebranded website launched in May 2019.
- Introduced online "Employee Stories" series in which our own employees help us communicate our employee value proposition.
- Enhanced our social media strategy focusing on employee attraction.
- Started a global standardization project to integrate and standardize our recruiting, hiring, onboarding, performance, compensation and career-tracking processes in one cloud-based system.
- After the successful completion of the Global Leadership Development Program in 2017 for our executives, we laid out the design for our Manager Excellence Program for highpotential and emerging leaders. Elements of this program, which will commence in 2019, include virtual training assessments and class room sessions with a real-life coach.
- Launched our mentorship program through Aspire, our employee resource group for promoting inclusion at KBR. Our mentors help develop talent at KBR, providing another platform for lasting relationships within the KBR organization. A total of 61 mentees enrolled in the program in 2018.

Examples of Benefits Offered in 2018

- ✓ opportunities to earn a US\$600 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 and lifestyle classes

Overall Voluntary Turnover 25.2% 2016 14% 2017 **Voluntary Turnover New Hires** 79% 63%





Challenge

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.

Opportunity

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.

Governing KBR Policies and Procedures

- COBC
- Global Human Rights Policy
- **Resourcing Policy**
- Workforce Management Policy

Our Approach

We have committed to build an inclusive and diverse workplace where we treat all people equally and with dignity and respect and where individuals feel empowered to be authentic.

Operating with Integrity

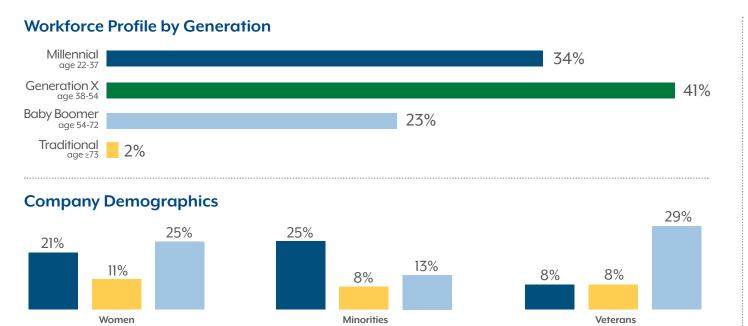


INCLUSION AND DIVERSITY

To promote a safe work environment and a culture of respect and inclusion in 2018, we:

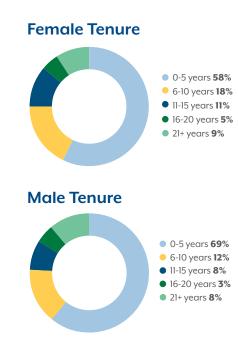
- Developed quidance to better educate targeted personnel and leadership on our federal contractor obligations as they relate to prohibiting discrimination on the basis of sexual orientation and gender identity.
- Developed training on sexual orientation and gender identity for a targeted Human Resources group. We aim to roll out the training to a larger employee population in 2019 and onwards.
- Delivered harassment prevention and awareness training to targeted groups within KBR and in states that mandate sexual harassment training. We started working on a plan to implement the training to a larger employee population in 2019.
- Launched an Aspire chapter at our newly acquired company in Maryland. Aspire is our employee resource group that promotes an inclusive environment where especially women and minorities are empowered to develop and cultivate their leadership aspirations. Besides our headquarters in Houston, Aspire has chapters in the U.K. and India.





Executives Board

Overall



PODS

COMMUNITY ENGAGEMENT

We strongly believe that growth should not be at the expense of people and the communities we impact, and we continually seek to be a positive force in the communities where we operate.



was raised at our annual Charity Golf Tournament. The KBR Charity Golf Tournament raises funds for local and national nonprofits that align with KBR's charitable focus areas of health, education, environment and safety.

US\$47,000+

was raised by our 38-member team in the BP MS150 to support multiple sclerosis research and aid those affected by the disease.

US\$19,000

was raised by our young professionals group IMPACT in partnership with lunior Achievement at their annual Bowl-A-Thon event. Funds collected benefit students of the greater Houston area.

US\$10,000

was contributed by corporate KBR to purchase gifts for the **Houston Fire Department's Operation Stocking Stuffer Toy** Drive, in addition to employees' contributions. Over 400 families were served in total.

meals

were collected by IMPACT, our young professional organization, in Adelaide, Australia. They donated to OzHarvest, Australia's leading food rescue charity.

kids

participated in the Houston Texans Kids Triathlon, of which KBR sponsored the swimming part of the race.

filled backpacks

were donated by KBR employees with our school supply drive in partnership with the Houston Texans Foundation.

coats

were collected by our Huntsville employees during the winter and donated to families in need.



COMMUNITY ENGAGEMENT



Supporting Physical, Spiritual and Psychological Wellness

e support the U.S. Special Operations Command's (USSOCOM) Preservation of the Force and Family (POTFF) program. The POTFF Program aims for readiness through physical, mental, social and spiritual programs for Special Operations Forces (SOF) and their families. Under the contract, KBR provides POTFF a number of human performance and psychological performance services and ensure SOF personnel have access to care from a full spectrum of physical and mental health professionals to optimize readiness and resilience of service members and their families. Services include performance-based strength and conditioning programs and rehabilitation techniques to accelerate the warfighter's return to duty. KBR professionals will perform individual, group and family counseling, case management and other activities that integrate the physical, spiritual and psychological wellness of SOF warriors and their families. These services are carried out at up to 32 locations around the world.

FEATURE STORIES

COMMUNITY ENGAGEMENT

STEM Education

Contributing to the Unmanned Aerial Systems Community

ne of our chief systems engineers, Ajay Sehgal, is a subject matter expert for rotorcraft and unmanned aerial systems. He plays a key role in science, technology, engineering and mathematics (STEM) initiatives for the Vertical Flight Society (VFS) and KBR. Currently, he chairs VFS's Unmanned Vertical Takeoff and Landing Technical Committee. Under his leadership, the committee hosted the 6th Annual Micro Air Vehicle Student Challenge in May 2018 in Phoenix, Arizona. Students from around the globe teamed up to design, build and fly a remote-controlled or fully autonomous micro-air vehicle to complete an assigned mission.

Our Business

Ajay brings his passion for STEM educational opportunities into his work for KBR. His team hires seven to ten interns each year. He organizes local science fair competitions at high school and middle school levels and supports student robotic competitions on behalf of KBR. He participates in the Association for Unmanned Vehicle Systems International unmanned Air Vehicle students challenge at Pax River and mentors interns at the U.S. Naval Air Systems Command. He also serves as the vice president on the board of directors for The Patuxent Partnership. This non-profit fosters collaboration among academia, industry and government from technology to STEM initiatives in Southern Maryland and beyond to promote sustainable economic vitality and enhanced quality of life. To read a full VFS article about Sehgal's contributions to the Unmanned Aerial Systems community, go to https://vtol.org/files/dmfile/leadershipprofileajaysehgal.pdf.



Ajay, pictured second from right, with students and other participating organization members.

Building Employability and Technical Skills

ur Leatherhead, U.K. office has partnered with the University Technical College (UTC) Reading's Pipeline Talent Program to support young students to build their employability and technical skills. UTC depends on support from the local business community to give students a better idea of what they are actually interested in studying in the fields of computing and engineering, and our KBR team eagerly provides insight into a technical career path with the company. As part of its commitment to support the next generation of male and female engineers, KBR will welcome thirteen students aged 16 to 18 at the U.K. headquarters in Leatherhead over the next two years to engage with engineering and project management teams with exposure to KBR's apprenticeship and graduate training programs.



FEATURE STORIES

COMMUNITY ENGAGEMENT

STEM Education



Promoting Diversity and Equal Employment

ur Leatherhead, U.K. office takes part in the Graduate Engineering Engagement Program (GEEP), which is a collaborate employer program with the U.K. Royal Academy of Engineering. The GEEP aims to increase the transition of diverse engineering graduates from diverse backgrounds into engineering employment. The GEEP consists of a three-year pilot project, engaging 14 engineering employers with over 450 engineering undergraduates and recent graduates. The program is in response to the need to address the engineering skills gap by inspiring, attracting, recruiting and retaining people from diverse backgrounds into engineering employment. It also aims to address the unequal employment outcomes of ethnic minority engineering graduates highlighted through Academy research.

Commemorating Year of **Engineering with Open Doors Event and Partnership**

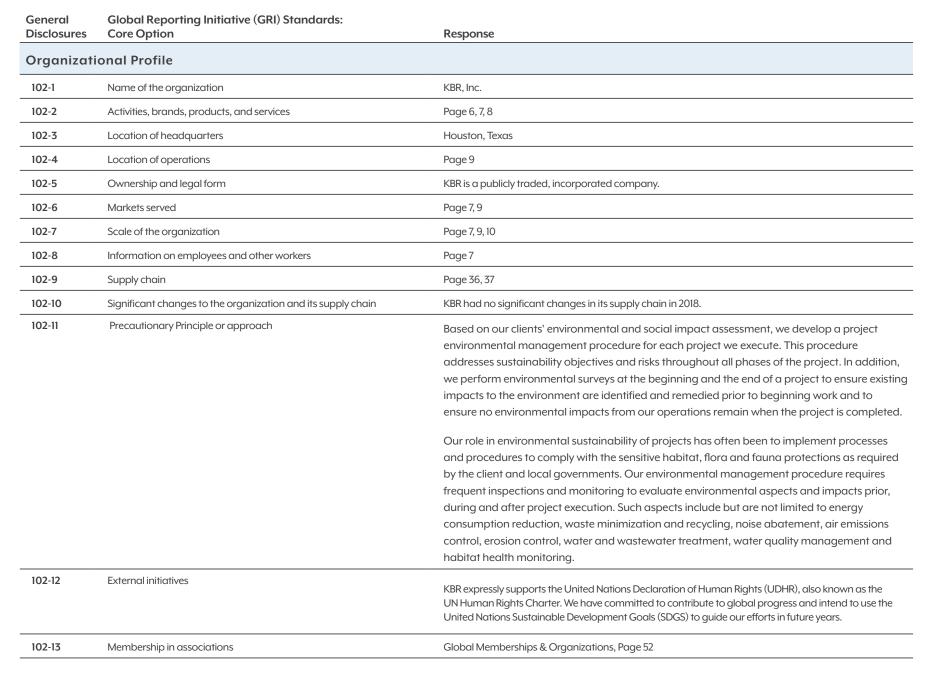
s part of the **Year of Engineering**, a national campaign to increase awareness and understanding among young people of what engineers do, our Letterhead, U.K. office hosted its inaugural Open Doors event, providing an opportunity for the public to visit our campus. Members of the local community, school children from over twenty different schools, their parents, teachers and administrators were invited to spend time with KBR team members and gain a better understanding of how KBR operates and does business across the wide array of services that the company delivers.

Our U.K. office also partnered with St. John's school, which is close by the office, to assist 16-18 year old science students in a project to create a plan to help solve a real world **problem**. The case these students had been tasked with was the need to extract methane gas trapped in Lake Kivu on the border of Rwanda and the Democratic Republic of Congo. A previous release from one lake killed 1,700 people in 1984 from gas poisoning and a similar or much larger release could occur at any time.

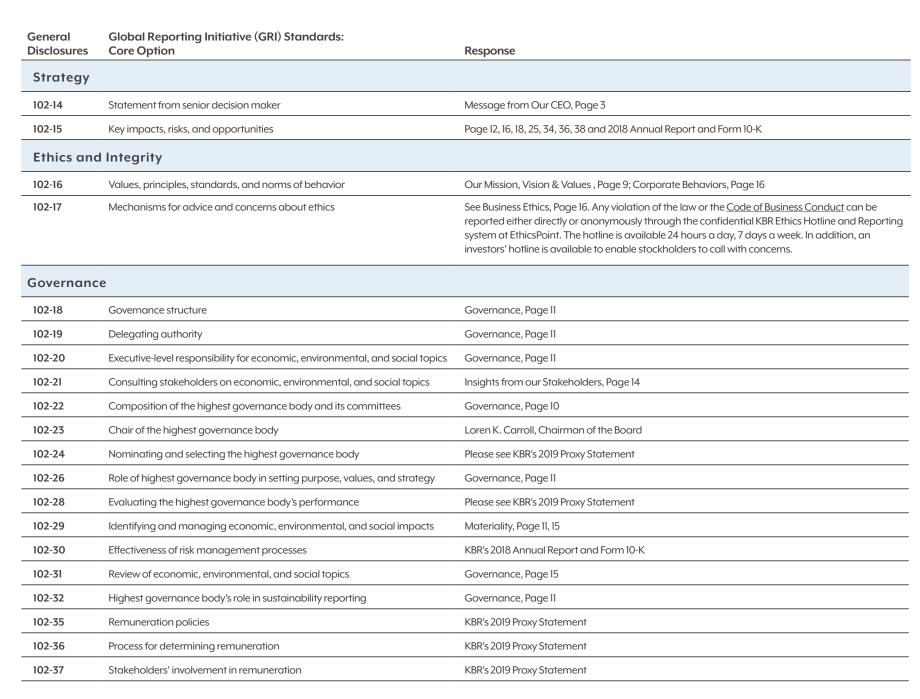
Appendix

Operating Responsibly

Operating with Integrity



Operating Responsibly



Operating with Integrity

General Disclosures	Global Reporting Initiative (GRI) Standards: Core Option	Response			
Stakeholo	ler Engagement				
102-40	List of stakeholder groups	Insights from our Stakeholders, Page 14			
102-41	Collective bargaining agreements	As of December 31, 2018, we had approximately 25,000 employees world-wide, (excluding joint ventures), of which approximately 7% were covered by collective bargaining agreements.			
102-42	Identifying and selecting stakeholders	Insights from our Stakeholders, Page 14			
102-43	Approach to stakeholder engagement	Insights from our Stakeholders, Page 14			
102-44	Key topics and concerns raised	Page 15			
Reporting	Reporting Practice				
102-45	Entities included in the consolidated financial statements	KBR 's 2018 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 15			
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 2018, KBR used the General Reporting Initiatives (GRI™) Core Option. In 2014, 2015 and 2016, KBR reported using GRI G4 Core guidelines. In 2017, KBR used the GRI™ Core Option.			
102-50	Reporting period	January 1, 2018 to December 31, 2018			
102-51	Date of most recent report	2017			
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 lnvestors@kbr.com .			
102-54	Claims of reporting in accordance with the GRI Standards	GRI™ Core Option			
102-55	GRI content index	Page 46			
102-56	External assurance	This report was not third party verified except for financial data cited in our 2018 Annual Report and Form 10-K.			
Managem	Management Approach Disclosures				
103-1	Explanation of the material topic and its boundary	Page 16, 25, 34, 36, 38			
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. Our Integrated Management System (IMS) requires a review and evaluation of all KBR policies, procedures, manuals and guidelines at least annually.			

Operating Responsibly

Caring About People



General Disclosures	Global Reporting Initiative (GRI) Standards: Core Option	Response		
Additional Disclosures				
Economic				
ECOHOIIIC				
201-1	Direct economic value generated and distributed	2018 Financial Performance, Page 10		
201-3	Defined benefit plan obligations and other retirement plans	KBR's 2018 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	Featured infrastructure projects, Page 27 and 29		
204-1	Proportion of spending on local suppliers	Page 37		
205-1	Operations assessed for risks related to corruption	Global Risk Assessment conducted through our value chain, Page 12		
205-2	Communication and training about anti-corruption policies and procedures	Page 16		
205-3	Confirmed incidents of corruption and actions taken	We consider this information to be confidential.		
Environm	ent			
302-1	Energy consumption within the organization	Page 32		
302-2	Energy consumption outside of the organization	KBR technologies provide energy savings initiatives for our clients. Please see the Environmental section on page 33.		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 32. KBR solely owns our Leatherhead, U.K. office.		
304-2	Significant impacts of activities, products, and services on biodiversity	Unique for each project. Featured project on Page 29.		
304-3	Habitats protected or restored	Page 29		
306-1	Water discharge by quality and destination	We only track this information for the buildings that KBR owns. In 2018, KBR owned one office in Leatherhead, U.K. All other facilities are leased. Our water usage was 1,204,552 UK Gallons in 2018, down from 2,081,349 in 2017.		
307-1	Non-compliance with environmental laws and regulations	We had no instances of non-compliance in 2018.		
308-1	New suppliers that were screened using environmental criteria	Page 36. Through our Suppliers Pre-Qualification Questionnaire, we verify their ISO registration, environmental policies and department that is responsible for environmental issues.		
308-2	Negative environmental impacts in the supply chain and actions taken	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			
Additiona	Additional Disclosures				
Social					
401-1	New employee hires and employee turnover	Page 39			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We provide the following benefits: medical, prescription drug, dental, vision, life insurance, accidental death and dismemberment insurance, disability, Employee Assistance Program, retirement savings (including pension in the U.K.), stock purchase program, and worker's compensation to our full-time employees 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	Page 11 and 18			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 20			
403-3	Workers with high incidence or high risk of diseases related to their occupation	Our employees are not subject to high risk of diseases.			
403-4	Health and safety topics covered in formal agreements with trade unions	We maintain the same safety standards globally for all workers, including union workers.			
404-2	Programs for upgrading employee skills and transition assistance programs	Page 39			
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	Page 41			
405-2	Ratio of basic salary and remuneration of women to men	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, joint venture employees and subcontractors, including security, are trained annually on our <u>COBC</u> , which includes Human Rights policies and procedures.			
412-1	Operations that have been subject to Human Rights reviews or impact assessments	Human Rights reviews and assessments were performed globally for KBR. Page 36, 37.			
412-2	Employee training on Human Rights policies or procedures	Page 37			

Our Business

General Disclosures	Global Reporting Initiative (GRI) Standards: Core Option	Response				
Additional	Additional Disclosures					
Social (continued)						
412-3	Significant investment agreements and contracts that include Human Rights clauses or that underwent Human Rights screening	Page 37				
413-1	Operations with local community engagement, impact assessments, and development programs	Page 43, 44, 45				
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	US\$52,000 was donated by KBR employees through KBRPAC (KBR Political Action Committee).				

Operating with Integrity



LIST OF GLOBAL MEMBERSHIPS AND ORGANIZATIONS

Our Business

SAFETY & PHYSICAL 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

ETHICS AND COMPLIANCE

- Business Ethics Leadership Alliance (BELA)
- TRACE Anti-Bribery Compliance Solutions

INFORMATION SECURITY & DATA GOVERNANCE

- Armed Forces Communications and Electronics Association (AFCEA)
- ASIS (American Society for Industrial Security)
- Association of Certified Fraud Examiners (ACFE)
- InfraGard

ENVIRONMENT

- American 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

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 (NCMA)
- Procurement Executives Group
- Project Management Institute (PMI)

EMPLOYER OF CHOICE / DIVERSITY & INCLUSION / 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)