CLIMATE TRANSITION PLAN

A Sustainable Future Begins Now

KBR, Inc.

601 Jefferson Street
Houston, TX 77002

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Contents

CEO Statement

I am proud to introduce our Climate Transition Plan, which consolidates the comprehensive efforts we've made to build climate resilience for both our business and our customers. Climate action is not just a strategic priority for us; it is deeply embedded into the fabric of our organization. This commitment is championed by our Board, backed by our shareholders, demanded by our clients, and embraced by our employees.

Driven by ambition, we've set bold targets toward achieving net-zero emissions. Through our net-zero roadmap project, we are actively decarbonizing our own operations and value chain, demonstrating our commitment to lead by example.

Our net-zero targets, which have been submitted to the Science Based Targets initiative, are a testament to this ambition and our progress. We've already hit targets such as reaching 100% low-carbon electricity for all our operations and we are proud to be a carbon-neutral organization.

Our net-zero commitment extends well beyond internal initiatives. For years, our strategy has been to actively partner with our customers on their net-zero journey, providing the support and solutions they need to decarbonize their operations and transition to a zero-carbon economy. We see this as a tremendous opportunity not only to drive sustainability but also to fuel growth, both for our business and for those we serve.

We do this through our innovative technologies like K-GreeN® for green hydrogen production, CleanSpend℠, PureSAF℠ for Sustainable Aviation Fuel, and our Net-zero and Decarbonization consulting services, continuing to deliver sustainable solutions and drive innovation across industries globally. Our goal being to create a safer, more secure, and sustainable world for future generations.

Stuart Bradie
President and Chief Executive Officer

Executive Summary

Our Climate Transition Strategy outlines our ambitious science-based net-zero commitments and emission reduction initiatives; our expanding portfolio of low-carbon products; along with our climate and environmental resilience and adaptation.

This strategy is supported by governance mechanisms and strategic decisions that have positioned KBR as a leader in the energy transition and low-carbon economy, driven by our commitment to developing and innovating sustainable solutions and technologies.

The intentional growth in energy transition projects, decarbonization, and sustainable and circular economy technologies has steadily increased our revenue from these services. This trend is highlighted in our Sustainability and Corporate Responsibility Report.

Strengthening our resilience by integrating climate and environmental risk strategies across our operations makes up a key part of this strategic direction. By aligning our plans with the Taskforce on Climate-related Financial Disclosures (TCFD/IFRS S2) we're embedding climate risks and opportunities into our business model to ensure long-term robustness and to capitalize on growth opportunities in climate response and adaptation.

Our Climate Transition Plan objectives can be summarized as:

1. **Achieve Net-zero Milestones**
   We are committed to achieving near-term net-zero by 2030 and full net-zero by 2050, setting ambitious targets that align with global climate goals

2. **Decarbonization and Environmental Net Gain**
   We approach every project as an opportunity to drive decarbonization and deliver environmental net gains, ensuring that sustainability is embedded in all our operations

3. **Innovating for Sustainable Growth**
   Through continuous innovation, we continue to create new solutions that foster sustainable growth for both our own operations and those of our customers

Governance

INTRODUCTION

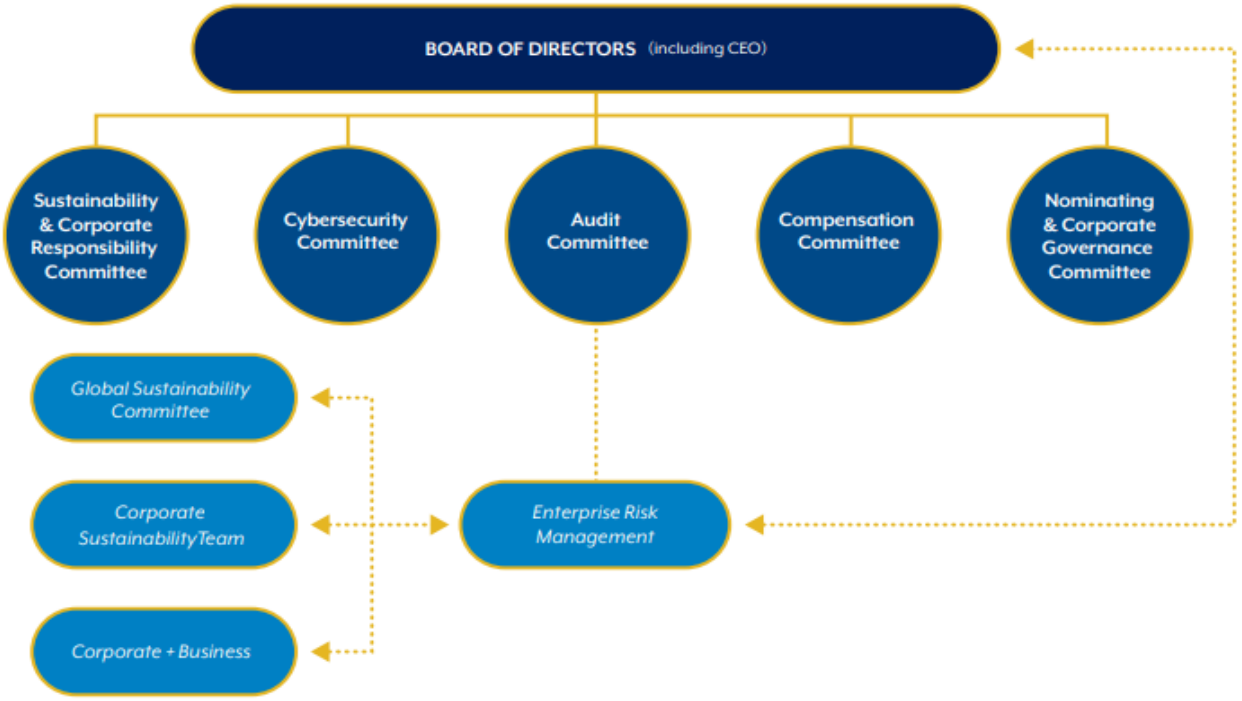
We integrate climate resilience into our governance structure at the Board level, with oversight provided by key committees, including the Sustainability and Corporate Responsibility (SCR) Committee and the Audit Committee of the KBR Board of Directors.

The SCR Committee offers global oversight and guidance on the corporation's sustainability policies, programs, and initiatives. These include, but are not limited to, responsibilities and issues related to:

- Sustainability, climate and environmental matters
- Human capital management, including diversity, equity, and inclusion, human rights and workforce health, safety and security
- KBR's role and reputation as a socially responsible organization

Climate change is a standing agenda item at the SCR Committee's quarterly meetings, while the Enterprise Risk Management team also presents significant business risks, including integrated sustainability and climate risk reports, to the Board's Audit Committee twice a year.

The Board of Directors is responsible for guiding the overall business strategy and reviewing budgets. In this context, the SCR Committee approves the Global Sustainability and Global Environmental Policies, which address all climate change-related issues, including financial implications. This includes monitoring compliance with these policies across KBR's operations and contributing to the Climate Transition Plan, which is overseen by the Board.



Net-Zero Targets' Governance

The KBR Board of Directors oversees our science-based net-zero targets, providing accountability and progress. The Corporate Sustainability Officer (CSO) presents quarterly updates to the SCR Committee, enabling close monitoring of our goals. The Board refines and approves targets for submission to the Science Based Targets initiative (SBTi) and reviews executive incentive plans tied to achieving annual and long-term net-zero objectives.

Climate Risk Governance

The climate transition plan involves the SCR Committee's review of climate risk assessment processes, including the climate scenario analysis and oversees our GHG inventory reporting, audits, and verification processes. These are also reviewed by the Audit Committee of the Board with additional oversight from our General Counsel and legal team.

The plan covers engagement strategies with stakeholders, such as aligning suppliers with our net-zero targets. The SCR Committee receives updates on the Sustainable Procurement team's net-zero supplier engagement plans and compliance efforts, which are also overseen by the President of a key business segment.

The Corporate Sustainability team keeps the SCR committee informed on climate policy developments and preparation for upcoming regulations. With updates presented to the Board and our third-party financial auditors.

The Board also provides oversight and guidance for critical strategic initiatives, including acquisitions, mergers, and divestitures, and major capital expenditures, particularly in relation to their impact on climate resilience. They play a critical role in steering our sustainable and digital innovations and technologies, all of which are integral to our climate transition strategy.

Shareholder Feedback Mechanisms

We engage with our investors bi-annually to gather feedback on our climate transition planning as part of our commitment to transparency and continuous improvement. Our Corporate Sustainability Officer reaches out to our top 25 shareholders twice a year to solicit feedback on our Sustainability and Corporate Responsibility Report, which includes all climate-related issues, along with other sustainability-related matters.

The feedback, if provided, is collated and presented to the Sustainability and Corporate Responsibility Committee of the Board of Directors, ensuring that shareholder insights are incorporated into our strategic decision-making and ongoing sustainability efforts.

BOARD AND EXECUTIVE CLIMATE-RELATED EXPERTISE

Board Expertise

Our SCR Committee of the Board regularly consults with our internal, subject-expert working group, the Global Sustainability Committee and engages regularly with external stakeholders and experts on environmental issues. Board members bring diverse expertise in climate-related matters from their roles across various industries. See here for more details on our Board competency around climate related issues.

In 2023, we integrated climate and environmental questions into our board nominating process and skills and competency surveys. We recommend ongoing training for Board members on environmental issues, industry best practice, and standards and our presentations include updates on global standards such as CDP, TCFD, IFRS and the SBTi.

To learn more about our Board members please see here.

Corporate Sustainability Officer

Regularly reporting directly to the CEO, the Corporate Sustainability Officer (CSO) keeps sustainability a top priority at the highest levels of our organization. The CSO also reports quarterly to the Sustainability and Corporate Responsibility Committee of the Board, providing updates and insights on our progress and initiatives. This comprehensive oversight aligns our sustainability efforts with our overall business objectives.

Our CSO directs the assessment and management of environmental risks and opportunities by collaborating with businesses on sustainability matters. The role involves measuring and establishing sustainability policies and targets, with the CSO responsible for developing and implementing our strategy and aligning financial planning with our environmental goals.

The Global Sustainability Committee

The Global Sustainability Committee, led by KBR's CEO, meets bi-quarterly to implement sustainability practices and progress markers across the business globally, acting on directives from the board's Sustainability and Corporate Responsibility Committee.

Members include executives from business segments, corporate departments and subject-experts, facilitating in-depth discussions to support KBR's sustainability strategy and targets. The Corporate Sustainability team executes the Committee's strategy collaborating with business areas and corporate functions to monitor, manage and report on environmental, social and governance performance.

Each committee member appoints Environmental Champions to advocate for our Zero Harm sustainability pillars, focusing on our net-zero targets. These champions regularly report progress to the Global Sustainability Committee.

EXECUTIVE INCENTIVES

Our Compensation Committee establishes incentives and target performance goals for our executive and senior management teams. The threshold, target, and maximum award payout levels remain at 25%, 100%, and 200%, respectively. Each performance metric can earn a result from 0% to 200% of target. Our sustainability focused targets are across all three areas of sustainability – environmental, social and governance.

The executive and senior management team's short-term incentive plan includes several sustainability-related performance metrics, such as reaching specific net-zero targets annually, the continued promotion and growth of sustainable solutions for customers (and increase in revenue gained from these solutions), enhancing inclusion and diversity metrics, and maintaining industry-leading sustainable safety performance across the business. This set of goals is set at 10% of the overall incentive plan.

Incorporating carbon and emission reduction targets, as outlined in the net-zero roadmap into executive and senior management's incentive plans, has significantly contributed to our environmental commitments and climate transition plan. Many rating agencies prioritize these factors in their evaluations and making them a key part of the CEO, executive and senior management's performance metrics, has seen improved resource availability and greater engagement in the collection of carbon and other environmental data.

This emphasis on accountability has led to the investment in and implementation of a new environmental data collection system, along with capacity building around processes and procedures for enhanced data monitoring across key business roles. These improvements have established more rigorous and reliable methods for calculating our corporate carbon footprint and environmental impact data, ensuring greater auditability.

As a result, we are now better positioned to achieve the emission reduction and net-zero targets outlined in our climate transition plan, as detailed on page 23 of this report.

Strategy

INTRODUCTION

We are guided by our Ten Zero Harm Sustainability Pillars, which encompass critical social, environmental, and governance priorities. Five of these pillars are directly dedicated to reducing our environmental footprint, each playing a vital role in enhancing our climate resilience. The remaining social impact pillars reinforce this resilience by fostering strong governance, robust risk management, and sustainable partnerships within our supply chain. Together, this interdependence strengthens the health and safety of our people and the diverse communities we serve.

These ten pillars, with their strategic focus areas, are instrumental in driving progress toward our environmental goals and net-zero targets. In this Climate Transition Plan, we detail our approach to achieving these objectives and outline how we will measure our progress toward both our near-term and long-term net-zero commitments.

KBR's climate ambition is aligned with the 1.5°C pathway forming a core component of our Net-zero Roadmap and Climate Transition strategy, as outlined in this report and shared externally through our Sustainability and Corporate Responsibility Report, Our Proxy report and Annual report (form 10-K) and

on our website. Our Climate Transition Plan sets out how we achieve this strategy to pivot towards a 1.5°C aligned trajectory.

Climate goals are fully integrated into our business strategy, with identified risks and opportunities directly shaping our strategic direction and financial planning—especially in terms of the services and technology solutions we provide across industries.

A key component of our climate strategy and transition plan is addressing both the risks and opportunities posed by climate change. Each business segment evaluates its climate response within our broader Enterprise Risk Management (ERM) framework, ensuring that climate-related risks and opportunities are systematically identified, assessed, and addressed throughout the organization. This integrated approach helps prioritize investments and development in the most impactful opportunities and guide capital and operational expenditures, ensuring optimal resource allocation for our climate resilience efforts.

The detailed processes and methodologies for integrating climate risk and opportunity assessments into our ERM are outlined in this and our risk management chapters.

In response to the risks and opportunities associated with a low-carbon economy, we strategically repositioned the organization as a market leader in sustainable technologies and environmental solutions. Notably, we continue to develop and invest in technologies to support energy transition, with sustainability-driven revenue increasing year on year. These technologies include processes for green and blue hydrogen and ammonia production, carbon capture utilization and storage (CCUS), battery recycling, plastic chemical recycling, and a portfolio of cleaner refining processes, to name a few. For more information regarding our sustainable technologies and solutions, refer to our Delivering Sustainability information.

ASSUMPTIONS AND DEPENDENCIES

We assume that global market trends will continue to prioritize a transition to a low-carbon economy, driving demand for our sustainable solutions, technologies, and services. This ongoing shift depends on the continued focus on environmental considerations across our industries, ensuring that our offerings remain relevant and valuable for customers focused on decarbonization.

We are dependent on the progress of regulatory frameworks that support climate action, as these policies expand, they drive customer demand for our decarbonization solutions. A slowdown in regulatory pressure could reduce the pace of market adoption for our offerings.

We rely on continuous advancements in energy transition technologies, such as grid decarbonization, affordable renewable energy, low carbon building materials and efficiencies for example, to support our own journey toward net-zero. These innovations are essential for maintaining our competitive advantage and achieving significant carbon reductions, both for ourselves and our customers.

We assume our customers and key stakeholders, including investors, suppliers, and employees will remain aligned with global sustainability and decarbonization goals. This cooperation is critical to the ongoing adoption of our low-carbon and circular economy technologies. Any shift in stakeholder priorities away from decarbonization could impact our growth trajectory.

The availability of financial resources, skilled talent, and technology is crucial. Continued access to capital and resources will enable us to invest in energy transition projects and scale our innovative low-carbon technologies.

We are committed to strategically resourcing the transition plan across all business segments. This plan is supported by our Executive team's short-term financial incentives, aligning achievement of net zero targets and increased revenue from decarbonization initiatives with their financial gain.

SCENARIO ANALYSIS

We use scenario analysis as a strategic tool to shape our climate transition planning, assessing various future climatic states. Applying these scenarios across our business strategy horizons allows us to evaluate potential risks and opportunities for each business units and region, helping us anticipate the effects of physical, technological, and socioeconomic changes brought about by climate change and the global transition to a low-carbon economy.

Our scenarios are developed using reputable data from the Network for Greening the Financial System (NGFS) and peer-reviewed projections from the Intergovernmental Panel on Climate Change (IPCC) to ensure accuracy and reliability.

These scenarios are applied over several risk types including acute physical, chronic physical. As well as transitional risk including policy, markets, reputation, technology and liability; assessing both quantitative and qualitive risks and opportunities.

We apply these scenarios over our three climate-related time horizons:

Time Horizon	Definition	Period
Short Term	Present - 2030	0-10 years
Medium Term	2030 - 2050	11 – 20 years
Long Term	2050+	21 - On-going

Scenarios Used

- **Orderly**: assumes climate policies are introduced early, aligned geographically and become more stringent.
- **Disorderly**: explores higher transition risk due to policies being delayed or divergent across countries and sectors.
- **Hot House**: global efforts are insufficient to reduce emissions and prevent significant global warming.

Why Network for Greening the Financial System (NGFS)

We chose the NGFS climate scenarios as the basis for our climate risk assessment because they provide globally consistent results that encompass transition, physical, and macro-financial risks. These scenarios align closely with the types of risks KBR aims to identify in our climate transition plan. By using a variety of models, the NGFS scenarios explore potential futures while accounting for uncertainties in both how the future is projected and how it may unfold.

The global and macroeconomic focus of the NGFS scenarios is particularly well-suited to KBR's broad international presence and diverse business activities, enabling a comprehensive climate risk assessment that compares climate-related impacts across our various geographies and business units.

We selected to use exploratory scenarios as our preferred model to create a 'what if analysis'. This way we can assess potential risks and uncertainties and test the resiliency of our strategies to a wide range of future conditions.

As climate modelling becomes more sophisticated, we will continuously review and update the physical and transition scenarios we use to ensure we apply the latest best practices each year.

Scenarios are not forecasts or predictions, and do not provide a full description of the future, but rather highlight central elements of a possible future. To reflect the uncertainty inherent to modelling climate-related macroeconomic and financial risks, the NGFS scenarios use different models, and explore a wide range of scenarios across regions and sectors. The scenarios are derived using a suite of models, including but not limited to ISIMIP, CLIMADA9, IAMs and NiGEM.

The NGFS scenarios look at the trade-offs between a green transition and a no-transition scenario until the end of the century (2100). Scenarios are based on the widely used Shared Socio-economic Pathways (SSPs) (SSP2 as a baseline), and harmonized population and economic development trajectories.

Each scenario is based on several key design choices relating to policy ambition (captured by specific end-of-century temperature targets or policy packages), short-term policy, overall policy coordination and technology availability.

Orderly scenarios assume that ambitious climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.

> *NGFS Orderly – Net-zero 2050*.
> Global warming is limited to 1.5°C (with a 50% chance) through stringent climate policies and innovation, reaching global Net-zero CO2 emissions around 2050. Global CO2 emissions reach or approach zero in 2050. Countries with a political commitment to a Net-zero target defined before end of March 2023 reach Net-zero at their target year or earlier. Some jurisdictions such as the US, EU, UK, Canada, Australia, and Japan reach Net-zero for all GHGs.

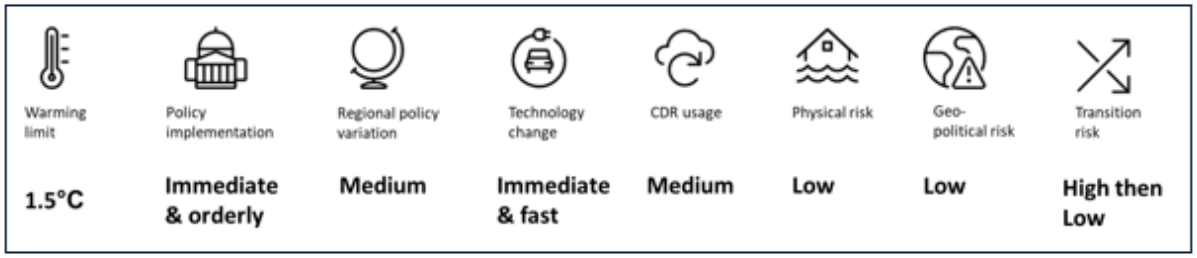
Disorderly scenarios Assume that climate policies are delayed or divergent across countries and sectors. These scenarios are associated with subdued physical but high transition risks, as, for instance, carbon prices might need to rise sharply and abruptly.

> *NGFS Disorderly - Delayed Transition*
> Annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Countries stick to current policies until 2030 and experience a "fossil recovery", after which they transition such that the end-of-century temperature goal of 2°C warming is reached. This change of regime in 2030 is unanticipated and therefore disruptive. Countries with Net-zero policy target commitments are assumed to follow-through on 80% of them. Negative emissions are limited.

Hot house world scenarios assume that global warming cannot be limited due to insufficient global efforts. As a result, critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.

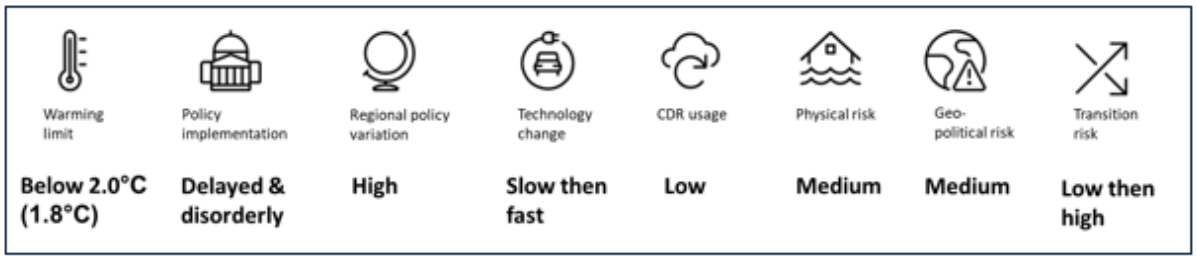
> *NGFS Hot House World - Current Policies*
> Only currently implemented policies are preserved, leading to high physical risks. Existing climate policies remain in place but there is no strengthening of ambition level of these policies. Policy implementation has been included in as much detail as possible, but due to limited granularity of sector representation, all models also represent some policies as proxies.

Climate Scenario 1 - Pathway to 1.5°C - Orderly Scenario



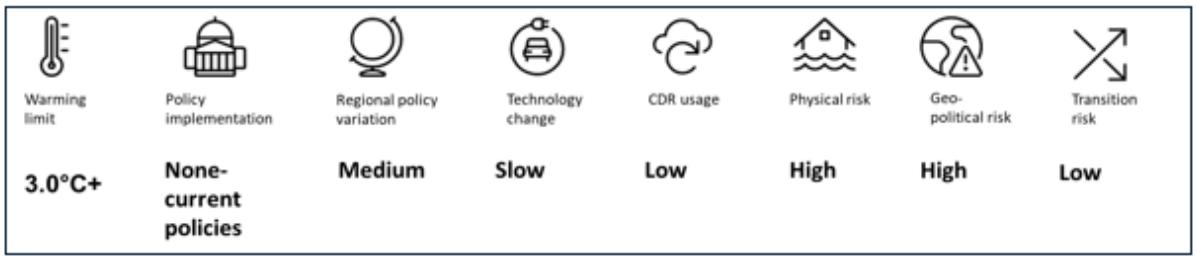
Warming limit	Policy implementation	Regional policy variation	Technology change	CDR usage	Physical risk	Geo-political risk	Transition risk
1.5°C	Immediate & orderly	Medium	Immediate & fast	Medium	Low	Low	High then Low

Climate Scenario 2 - Pathway to 2°C - Disorderly Scenario



Warming limit	Policy implementation	Regional policy variation	Technology change	CDR usage	Physical risk	Geo-political risk	Transition risk
Below 2.0°C (1.8°C)	Delayed & disorderly	High	Slow then fast	Low	Medium	Medium	Low then high

Climate Scenario 3 - Pathway to 3°C+ - Hot House Scenario



Warming limit	Policy implementation	Regional policy variation	Technology change	CDR usage	Physical risk	Geo-political risk	Transition risk
3.0°C+	None-current policies	Medium	Slow	Low	High	High	Low

FINANCIAL PLANNING

By realigning as a leader in sustainable technologies and environmental solutions, we expanded our portfolio and expertise to address market demands and support our global customers in addressing their sustainability needs and challenges and their alignment with a low-carbon economy. This has been reflected in our sustainability-focused revenue, which increases year-on-year and we plan for this growth annually.

Methodology

We use the MSCI Global Environment Index to assess our products and services based on the criteria established by the index. The MSCI Global Environment Indexes focus on identifying products or services that enhance economic sustainability through the efficient use of global natural resources. These indexes are designed to maximize exposure to key environmental themes such as alternative energy, energy efficiency, green buildings, sustainable water, and pollution prevention. These categories, derived from the MSCI Sustainable Impact Taxonomy, include social impact themes, which we also used to identify aligned categories for calculating our sustainable revenue.

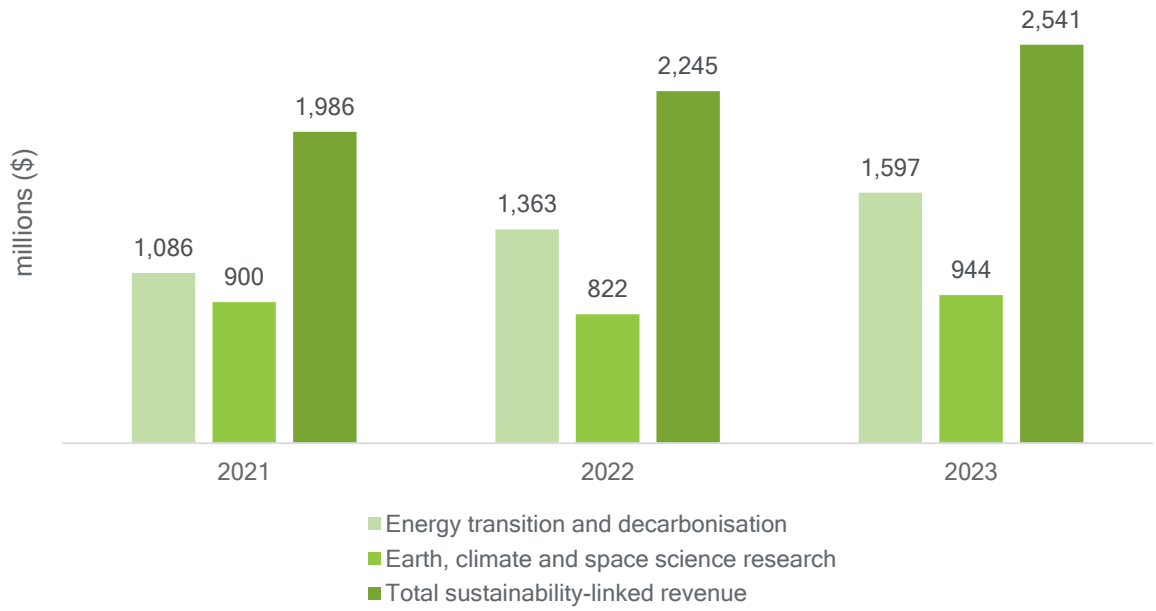
Financial details related to revenue, capital expenditure and operational expenditure projections, are assessed in our Climate Risk workshops, described in more detail in our Risk and Opportunities section.

MAKING THE TRANSITION - OUR LOW-CARBON INITIATIVES AND SOLUTIONS

Sustainability-focused Revenue

Since 2015, we have been on a journey to reposition KBR to lead in sustainable technologies and environmental solutions. By expanding our portfolio and expertise, we address market demands and support customers across various industries worldwide in meeting their sustainability challenges. We continue to identify and invest in advanced clean technologies and low-emission innovations in all our businesses, fully optimizing climate-related opportunities to help customers achieve their decarbonization, emission reduction, and energy transition goals. Please click here to see our low-carbon products and services.

Our sustainability-focused revenue increased by 13% from 2022 to 2023, accounting for 37% of our total revenue, $7.0B.



Emission Reduction Initiatives

Implemented Initiatives

In 2024, we initiated three pilot programs on an owned facility with aims to expand across all influential facilities we operate.

Initiative (location-based emissions)	Scope	Estimated annual tCO_2e savings	Estimated lifetime of initiative
Building Energy Management System	2	33.55	6-10 years
Solar PV	2	37.90	21-30 years
LED Lighting	2	81.68	11-15 years

Initiatives to be Implemented

Scope	Initiative
1, 2 & 3	**Data for the Future** – Enhancing the accuracy and completeness of carbon-related data by upgrading systems and developing processes that enable more precise tracking, analysis, and decision-making. These improvements will support more effective management of carbon emissions and help achieve reduction targets.
1 & 2	**Green Buildings** – Update leases to include certified green buildings and revised terms and conditions. Collaborate with customers and landlords on green building initiatives, including retrofits.
1 & 2	**Energy Efficiency Strategies** - Optimize HVAC systems and upgrade Building Management Systems to monitor and analyze energy consumption. Implement energy efficiency strategies across facilities, including LED lighting, smart meters, space management, and insulation improvements. Additionally, educate employees to promote energy-saving practices.
1 & 2	**Electrical Fleet** - Replace company-owned and leased gasoline or diesel vehicles with electric alternatives.
2	**Renewable Energy –** Continue to commit to 100% renewable energy across the organization (market-based target)
3	Please see Value Chain Engagement section for our Supply Chain Engagement initiative
3	**Category 5: Waste generated in operations** – Implement organization-wide waste reduction strategies and collaborate with waste management contractors to enhance the accuracy of waste management data.
3	**Category 6: Sustainable Travel** - Revise the Global Travel Policy to promote more efficient travel by updating policies and evaluating vendors. Introduce carbon budgets for each business unit and offer incentives for reducing carbon emissions.
3	**Category 7: Employee Commuting** – Explore alternative transportation options, promote flexible working arrangements and remote work and launch an employee carbon literacy program
3	**Category 15: Investments -** Engage with joint ventures and partners to ensure alignment on Net-zero targets

VALUE CHAIN ENGAGEMENT

In line with most professional service companies, most of our emissions are concentrated within our supply chain, rather than in the downstream value chain, as our primary business activity does not involve manufacturing or distribution of our own goods. As a result, we prioritize leveraging our buyer power to collaborate with suppliers in developing transition plans aligned with the goals of a 1.5°C world.

Supply Chain Engagement

We begin our climate action engagement by prioritizing suppliers in the top 25% of our spend and in the categories that represent the largest share of our overall spending. As we enhance our data collection efforts, we will progressively integrate product and service-level emissions data from these prioritized suppliers into our assessments.

To align our suppliers' environmental initiatives with our own, we leverage a combination of third-party supplier management platforms, including CDP Supply Chain, EcoVadis, and ISNNetWorld, along with our proprietary supplier portal, KBRSupplier. Through these platforms, we require our Tier 1 suppliers to report their annual carbon emissions for Scope 1 and 2. Specifically, we ask 500 suppliers to report their annual carbon footprints via the CDP platform alone.

As part of our onboarding for new suppliers, we require a sustainability self-assessment questionnaire to evaluate their carbon and overall environmental management practices. Throughout 2023 and 2024, we contacted 46% of our legacy suppliers for this annually mandated questionnaire. We use the results to identify the lowest-performing sustainable ISO 20400-aligned key performance indicators (KPIs) for targeted training and guidance. Additionally, we are developing a non-conformance management procedure to enhance supplier carbon reduction efforts.

Risk assessments help identify the sustainability clauses required at the Contracting stage and address any areas of concern regarding suppliers' overall climate resilience and performance.

We offer training and guidance to enhance understanding of sustainable supply chain best-practices in line with ISO 20400 and to improve sustainability benchmark scores. We also engage directly with our suppliers through email campaigns, invitations to webinars, and customized KBR training sessions.

We conduct supplier performance evaluation and quarterly business reviews during the life of the contract. Our quality teams also conduct audits, inspections and contract conformance reviews to assess potential compliance risks.

Supplier engagement is monitored and reported to KBR's senior executive leadership team with reference to improvements in supplier assessment scores and the number of suppliers participating in sustainable training sessions and webinars.

We recognize and celebrate the outstanding work of our suppliers through the Sustainable Supplier Awards, where suppliers can showcase their sustainability achievements and demonstrate thought leadership.

POLICY ENGAGEMENT

The objective of our climate transition plan, along with the management of related dependencies, impacts, risks and opportunities, is to ensure a consistent approach to addressing transitional risks across various business activities and geographies. This includes navigating policies, laws, and regulations focused on environmental impacts, particularly climate-related issues.

Our action plan to address this risk involves developing a process for continuously assessing changes in federal, state, and municipal policies and legislation that may impact business segments and locations across the globe.

While we maintain strict policies against providing financial or in-kind support to any lawmakers or policymakers, we may occasionally respond to consultations or participate in working groups that contribute to the development, review, or amendment of laws and regulations.

To align with our environmental commitments, our Global Sustainability and Environmental Policies establish clear guidelines for external engagement activities to be consistent with our sustainability goals. These commitments include, but not limited to, alignment with the Paris Agreement, Net-zero commitments to the Science Based Targets initiative, adherence to the 10 principles of the UN Global Compact, and goals that align with the 17 United Nations Sustainable Development Goals.

Risk Management

RISKS AND OPPORTUNITIES

Integration of Risk Management Processes

In 2023, KBR established a Climate Risk Working Group, consisting of representatives from Finance, Risk Management, Sustainability, and Climate Science consultants. The group's objective was to develop a comprehensive, organization-wide, multi-disciplinary risk management framework, leveraging our existing COSO-based Enterprise Risk Management (ERM) system. This framework was designed to identify, assess, and manage climate dependencies, impacts, risks, and opportunities across KBR's operations, value chain, and assets.

Throughout 2023, the Working Group conducted extensive groundwork, mapping our value chain, including geographical reach, financial boundaries, and business operations across all divisions. Stakeholders from each business area were invited to participate in ongoing climate risk workshops.

To explore uncertainties linked to future climate-related scenarios, our climate-science consultants assisted with the development and application of tailored climate scenarios relevant to KBR's business. These scenarios assessed the potential implications of physical, technological, and socioeconomic changes associated with climate change and the low-carbon transition. The scenarios, based on reputable data from the Network for Greening the Financial System (NGFS) and climate projections from the Intergovernmental Panel on Climate Change (IPCC), helped assess potential impacts on KBR's operations, sectors, and regions.

Three climate-related scenarios were developed and applied across three time horizons, evaluating impacts, dependencies, risks, and opportunities for various stakeholders, including our customers, employees, investors, suppliers, regulators, local communities, and Indigenous peoples.

The workshops enabled stakeholders to identify and assess climate-related impacts, risks, and opportunities comprehensively as they applied to their respective business activities and geographies. Key risks and opportunities were captured in risk registers, aligned with KBR's ERM template, for seamless integration into the company's broader risk processes.

In addition to the workshops, surveys and interviews were conducted with six members of the Executive Leadership Team (ELT) and 15 business leaders from 14 of KBR's reporting divisions. These interviews helped establish governance and management mechanisms for addressing climate and environmental impacts. The process resulted in identifying 142 climate-related risks and 90 opportunities across the organization, encompassing both physical and transitional risks.

Identifying Dependencies, Impacts, Risks and Opportunities

We integrate our assessment of different environmental dependencies, impacts, risk and opportunities via our Integrated Management System (IMS), which unifies all business segments into a cohesive framework, assessing environmental impact and ensuring environmental compliance. It features a dedicated Environmental Management System (EMS) that includes policies, procedures, and work methods for managing and mitigating environmental impact and risks and assessing dependencies. Our IMS and EMS are certified ISO 9001 and ISO 14001 respectively and provide the frameworks for integration of these assessments into our processes.

ISO 14001 outlines the requirements for identifying and understanding external and internal environmental dependencies that may influence our operations, as well as the processes for evaluating them and developing management strategies for mitigating risks.

At the outset of projects, and/or the establishment of facilities, an environmental impacts identification (ENVID) review is conducted to identify and assess all environmental impacts, risks and dependencies associated with project activities, ensuring they are properly managed.

Procedural manuals detail the methods for conducting the ENVIDs and outline the specific objectives and targets. External environmental factors such as water, energy, land, emissions, air pollution, waste and raw materials are identified, registered and analyzed for impact and likelihood in a severity risk matrix. Control measures and risk treatment strategies are then developed. The assessment involves thorough reviews at each project stage, with results documented in the project's Environmental Aspects Register.

Environmental leads are responsible for identifying, documenting and escalating any violations for resolution. They also provide training to the environmental team and all project site personnel on relevant aspects of environmental management.

When business, function, and project leads convene for targeted climate risk workshops, outcomes from project and facility ENVID registers are reviewed and incorporated. During these workshops in the reporting year, stakeholders thoroughly identify and assess climate and environmental impacts, risks, opportunities, and their interconnections. To manage the key risks and opportunities identified, risk registers are developed using our organization-wide ERM template, ensuring the seamless integration of these risks and impacts into broader corporate ERM activities.

Climate-related Risks and Opportunities

Supply Chain Disruption – Risk ID 1

KBR's local and international supply chains are fundamental for business operation and fulfilment of contracts, over 50% of our work comes from government clients where procurement can make up a significant part of our contracts. Disruptions in this supply chain could have significant effects on cash flows, financial position and performance in the short-term due to increased delivery timescales, costs in delivery, costs due to locating alternative suppliers, and ultimately risk of not fulfilling contracts and loss of customers.

Our business relies on essential equipment and materials sourced from a variety of global suppliers. These key resources are subject to availability and price fluctuations driven by factors such as customer demand, producer capacity, and market conditions. To address this, we regularly monitor both the availability and pricing of equipment and materials. Our procurement team leverages our size and purchasing power to secure critical supplies at competitive prices with favourable delivery schedules.

Despite global supply chain disruptions and inflation, exacerbated by external political and economic instability, we have not experienced, nor do we anticipate, significant procurement challenges. This is due to our diversified supplier base, which ensures we can obtain the necessary materials and equipment from multiple sources.

However, a number of factors that we may not be able to predict, or control could result in increased costs for materials, that may result from severe weather patterns related to climate change. These potential increased costs could reduce profitability on our contracts, particularly those that are fixed price.

Risk Response Action Plan

As part of the risk action plan for supply chain disruption response, we plan to strengthen supplier diversification. This plan can be integrated into our Sustainable Supply Chain benchmarking initiative, which enhances supply chain transparency. The primary cost of the risk response plan is identified as the potential upfront costs for adopting and deploying new practices and processes for on-boarding a wider scope of suppliers, which may likely occur in the short-term.

Mitigating supply chain disruptions related to climate change, is part of a broader plan to improve systems and technologies for supply chain visibility and refining supplier management processes. This includes investment in third-party, independent supplier qualification and management platforms such as EcoVadis, ISNetWorld, and the CDP supplier management portal along with enhancements to our proprietary system KBRSupplier.

The overall supplier strategy focuses on improving systems for identifying and qualifying new suppliers and implementing a comprehensive training program for the procurement team across the organization. Our diversified supplier approach would augment this plan for sourcing more localized vendors and onboard and train them to meet our enhanced standards.

The risk response action plan includes developing a process to ensure that our contracts allow for cost recovery from clients in the event of delays, particularly under cost-plus contracts.

Competition for low-carbon economy talent Risk ID 2

The transition to a low-carbon economy and the increase in demand for green skills and the competition for talent, along with the anticipated global green skills shortage may present significant risks on the financial position, financial performance and cash flows of the organization within the medium time horizon. As a professional services company, where the workforce's expertise directly impacts our ability to deliver on contracts, several risks and financial implications emerge from this transition:

1. **Project Delays -** A lack of skilled workers in green technologies, such as engineers, scientists, and project managers, could result in project delays, cost overruns, and inefficiencies. This may result in delays in delivering on contracts or completing energy transition projects leading to penalties, loss of future contracts, and reputational damage leading to potential missed revenue targets for projects under execution.

2. **Failure to win contracts -** A shortage of green-skilled workers may reduce the company’s ability to bid for new contracts, especially in transition energy vectors (hydrogen, ammonia), carbon capture, and sustainable infrastructure. Competitors that can mobilize the necessary talent quickly will have an advantage in winning key projects for both government and industry customers.

If KBR misses out on high-value contracts due to a lack of expertise, it could forfeit significant future revenue, particularly as governments and corporations increasingly focus on green energy. It could lead to a loss of market share and revenue in a rapidly evolving sector. The anticipated timeframe for this risk to have a significant impact on the organization is very likely to occur in the medium-term.

Risk Response Action Plan

The business proposes to develop the following:

1. Green Skills for the Future program: as an adjunct to our existing Skills for the Future program we propose to continue investing in training and development for upskilling existing employees to develop the necessary green skills in-house. This is aligned with the UN Sustainable Development Goal (SDG) 4 to "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"

2. Strengthening Partnerships with Universities: Expanding on our investment in collaboration with academic institutions to ensure a steady flow of skilled graduates in the green energy sector. Which aligns with UN SDG Goal 17 "Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development".

3. Global Green Recruitment Strategy: Broadening recruitment efforts globally to tap into diverse, green and low carbon economy skilled talent pools, combining UN SDG goals 4 and 17.

By proactively addressing the green skills shortage, we can limit risk exposure and position ourselves as leaders in the low-carbon economy transition.

Development of Sustainable Products and Solutions - Opportunity ID 1 and 2

The transition to a low-carbon economy presents KBR with significant opportunities to develop innovative and sustainable technologies for our clients to meet this demand. This includes opportunities in advancements in low-carbon technologies, energy vectors, and net-zero solutions, as well as consulting in decarbonization strategies.

We also identified a growing demand from the government sector for the development of low-carbon infrastructure and climate-resilient assets and estates. This demand spans key regions where we operate, including the US, UK, Australia, Asia, and the Middle East.

In addition to their own markets, our Sustainable Technologies division is also benefiting from this trend, as government clients increasingly seek their expertise and innovative products to support decarbonization initiatives. These emerging opportunities position us to expand our portfolio and deepen our engagement with government partners across these regions, driving further growth and contribution to our overall sustainability goals.

This opportunity aligns with Risk ID 2, mentioned above, and we've implemented a risk action plan to address the potential shortage of skilled workers in low-carbon technologies. As a result, we anticipate both revenue growth and an enhanced reputation for KBR as a leader in innovation.

Our approach to capitalizing on this opportunity aligns with our broader business strategy, which focuses on advancing our core objective of delivering clean, low-emission innovations and solutions to the market through both our Sustainable Technology and Government businesses. Ongoing investments in sustainable solutions offer significant opportunities, including:

- **Innovative Recycling Technology** - Our partnership with Mura Technology on Hydro PRT℠ plastic recycling technology enables us to tap into the increasing demand for advanced recycling solutions. This collaboration not only helps us seize opportunities in the growing plastic recycling market but also positions us as leaders in circular economy innovations.

- **Expansion into Climate and Sustainability Consulting -** Our recent investments, including Frazer Nash and its specialized climate and sustainability consulting team, along with the creation of our own consulting division in this field, allow us to diversify our service offerings and capitalize on emerging opportunities in the decarbonization advisory space. This is crucial as our customers increasingly adopt net-zero plans and sustainability frameworks.

- **Investment in Clean Technologies -** We remain committed to investing in clean and sustainable technologies, securing intellectual property that places us at the cutting edge of sustainable innovation. This includes advancements in clean and green hydrogen, ammonia technologies, and various low-carbon refining processes.

- **Sustainable Aviation Fuel and Battery Technologies** - Ongoing advancements in key emerging sectors like sustainable aviation fuel, battery technology, and battery recycling offer substantial growth potential in industries facing strict emissions targets. These developments capture market share in high-demand, low-carbon solutions.

- **Digital Carbon Solutions** - Our automated embedded carbon accounting system, CleanSpend℠, presents a key opportunity to position ourselves as market leaders in delivering digital solutions for designing low-carbon infrastructure.

- **Expansion into Climate and Sustainability Consulting -** Our recent investments, including Frazer Nash and its specialized climate and sustainability consulting team, along with the creation of our own consulting division in this field, allow us to diversify our service offerings and capitalize on emerging opportunities in the decarbonization advisory space. This is crucial as our customers increasingly adopt net-zero plans and sustainability frameworks.

By seizing these opportunities, we not only drive progress toward our sustainability goals but also strengthen our ability to manage and mitigate future risks, ensuring long-term resilience and competitiveness in a low-carbon economy.

We remain fully committed to maximizing our climate-related opportunities by supporting our customers in achieving their decarbonization, emission reduction, and energy transition objectives.

Metrics & Targets

CORPORATE CARBON FOOTPRINT

Since 2019, we have been measuring our corporate carbon footprint. We have adhered to the world's most widely used greenhouse gas accounting standards for companies, the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Material business activities accounted for include:

- **Scope 1** - heating, cooling and vehicle fleet
- **Scope 2** - purchased electricity for sites and vehicles, heating and cooling
- **Scope 3** – the following categories:
  - Category 1 and 2 (combined) – purchased goods and services / capital goods
  - Category 3 – fuel- and energy-related activities
  - Category 4 and 9 (combined) – upstream / downstream transportation and distribution
  - Category 5 – waste from operations
  - Category 6 – business travel
  - Category 7 – employee commuting
  - Category 8 – upstream leased assets
  - Category 15 – investments

Scope 2 electricity emissions were calculated according to both location- and market-based methodologies. We invested in renewable energy certifications (RECs) for all global energy consumption, negating 22,171 tCO_2e of Scope 2 market-based emissions from our footprint. Please click here to see our renewable energy certificates.

To maintain our status as carbon neutral for five consecutive years, we have offset the equivalent of 70,479 tCO_2e in 2023 (made up of Scope 1 and Scope 3 - Cat.6 Business Travel). Please click here to see our offset certificates.

For our full corporate carbon footprint please see Appendix I. For further details, our full corporate carbon footprint report provides an overview of our emissions generated by our business activities from 2020 – 2023 and methodologies used.

Overview of our Emissions

(tCO_2e)		2021	2022	2023
	Scope 1	6,426	8,601	5,746
	Scope 2 (market-based)	1,115	1,353	0*
	Scope 3** (Cat. 3 and 6)	33,164	44,976	72,298
	Total	**40,706**	**54,931**	**78,044**
	Scope 2 (location-based)	26,367	20,704	22,171
	Scope 3***	-	-	1,001,850

*Renewable Energy Certificates used to cover 100% of Scope 2 (market-based) in 2023
**Carbon offsets covered 100% of Scope 3 – Category 3 and 6
***(Cat.1, 2, 4, 5, 7, 8, 9, & 15)

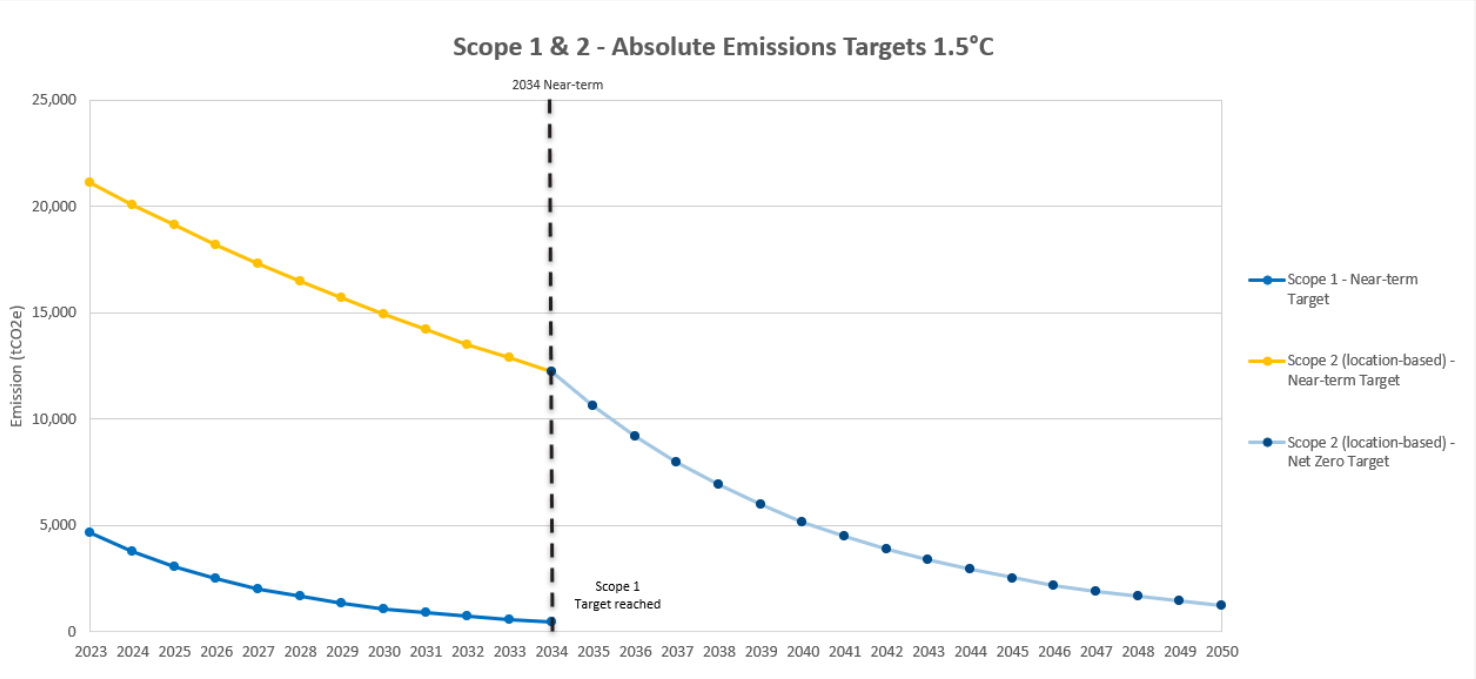
Verification of our Emissions

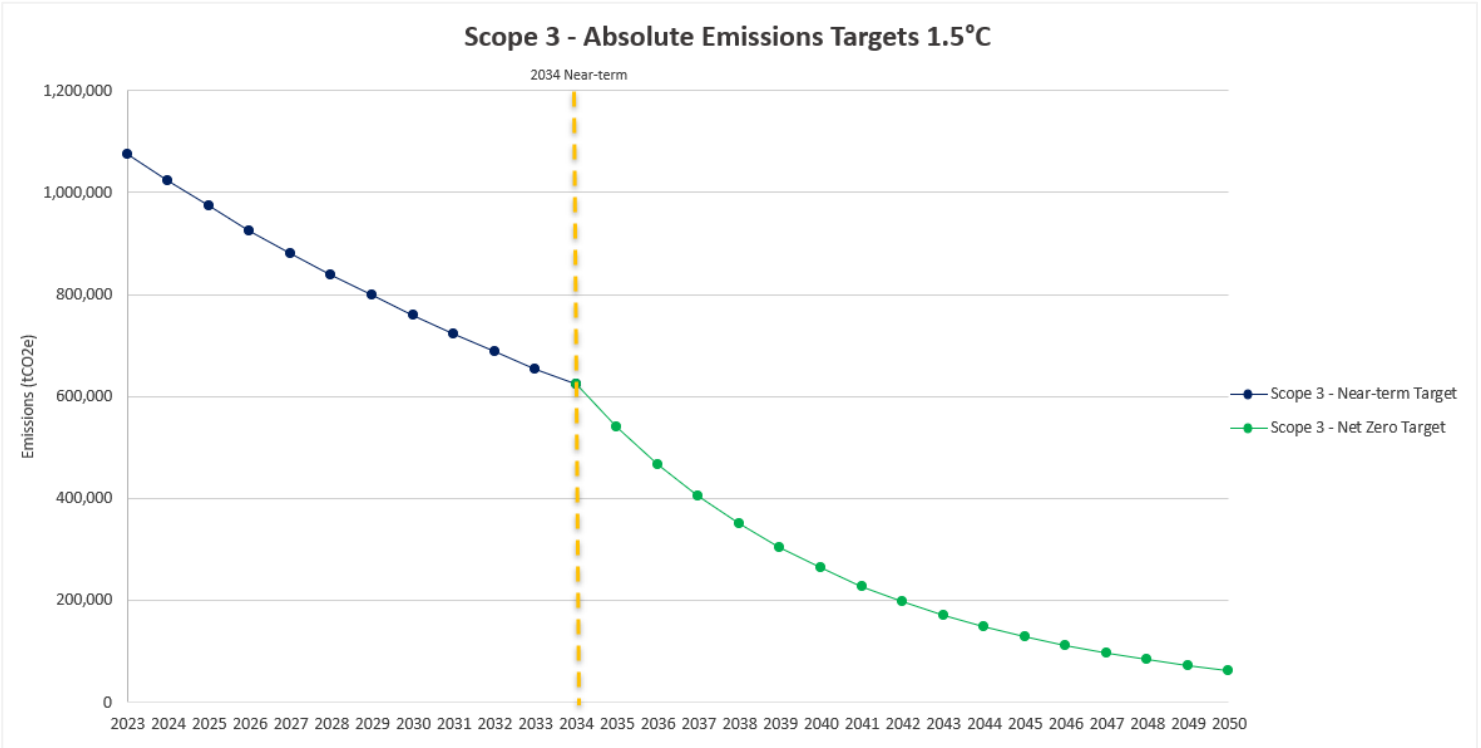
Our 2023 corporate carbon footprint is verified by an independent third-party to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria. To see our verification statement and report click here.

OUR TARGETS

We have made a commitment to the Science Based Targets Initiative and have submitted for validation. Our submitted targets are as follows:

Near-term Net-zero Targets	We commit to reduce absolute scope 1 GHG emissions 90% by 2034 from a 2023 base year
	We commits to reduce absolute scope 2 GHG emissions 42% by 2034 from a 2023 base year
	We commit to continue active annual sourcing of 100% renewable electricity through 2030
	We commit to reduce absolute scope 3 GHG emissions 42% by 2034 from a 2023 base year
Net-zero Target	We commit to reach Net-zero greenhouse gas emissions across the value chain by 2050


Scope 1 & 2 - Absolute Emissions Targets 1.5°C
2034 Near-term
25,000
20,000
15,000
10,000
5,000
0
Emission (tCO2e)
Scope 1
Target reached
2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050
Scope 1 - Near-term Target
Scope 2 (location-based) - Near-term Target
Scope 2 (location-based) - Net Zero Target


Scope 3 - Absolute Emissions Targets 1.5°C
2034 Near-term
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
Emissions (tCO2e)
2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050
Scope 3 - Near-term Target
Scope 3 - Net Zero Target

Appendix I – Full Corporate Carbon Footprint

Corporate Carbon Footprint 2022 - 2023	2022		2023		Difference	
	kg CO2e	Share [%]	kg CO2e	Share [%]	kg CO2e	Relative change [%]
Scope 1	**8,601,789**	**16**	**5,745,804**	**1**	**-2,864,245**	**-33**
Direct emissions from company facilities	8,035,771	15	5,613,856	1	-2,430,176	-30
Refrigerant leakage	5,026,522	9	1,253,548	0	-3,781,234	-75
Heat (self-generated)	3,009,249	5	4,360,308	0	1,351,058	45
Direct emissions from company vehicles	566,017	1	131,948	0	-434,070	-77
Vehicle fleet	566,017	1	131,948	0	-434,070	-77
Scope 2 (market-based)	**1,353,247**	**2**	**0**	**0**	**-1,353,247**	**-100**
Purchased electricity for own use (market-based	1,349,202	2	0	0	-1,349,202	-100
Electricity (sites)	1,349,202	2	0	0	-1,349,202	-100
Electricity (vehicle fleet)	0	0	0	0	0	0
Purchased heating, steam and cooling	4,045	0	0	0	-4,045	-100
Purchased heating	4,045	0	0	0	-4,045	-100
Purchased cooling	0	0	0	0	0	0
Scope 3	**44,976,428**	**82**	**1,074,148,072**	**99**	**1,028,964,204**	**2288**
Purchased goods and services / Capital goods	0	0	673,074,955	62	673,074,995	0
Fuel- and energy-related activities	1,497,075	3	7,564,854	1	6,067,779	405
Upstream emissions electricity	1,214,097	2	6,759,509	1	5,545,412	457
Upstream emissions heat	236,643	0	773,629	0	536,986	227
Upstream emissions vehicle fleet	46,335	0	31,716	0	-14,619	-32
Upstream / Downstream transportations	0	0	2,515,002	0	2,515002	0
Waste from operations	0	0	3,100,045	0	2,892,605	0
Business travel	43,479,353	79	64,733,029	6	21,253,675	49
Flights	30,733,399	0	50,924,518	5	20,191,119	66
Hotel nights	4,698,560	56	5,174,349	0	475,789	10
Rental and private vehicles	8,022,588	9	4,145,192	0	-3,877,395	-48
Rail	24,808	15	22,646	0	-2,162	-9
Other travel-related accounts	0	0	4,466,325	0	4,466,325	0
Employee commuting	0	0	27,022,285	3	27,022,285	0
Employee commuting	0	0	20,005,649	2	20,005,649	0
Home office	0	0	7,016,636	1	7,016,636	0
Downstream leased assets	0	0	13,073,274	1	13,073,274	0
Project vehicles	0	0	2,631,420	0	231,420	0
Other leased assets	0	0	10,441,853	1	10,441,853	0
Investments	0	0	283,064,589	26	283,064,589	0
Overall results	**54,931,464**	**100**	**1,079,893,876**	**100**	**1,024,746,711**	**1866**
Scope 2 (Location-based in kg CO2e)	20,704,257		22,170,964		1,464,441	