We do things that matter.[SM]

KBR Holdings Pty Ltd and its controlled entities

Sustainability Report

For the Reporting Period 1 January 2025 to 31 December 2025

Prepared in accordance with AASB S2 – Climate-related Disclosures
Reporting Entity: KBR Holdings Pty Ltd and its controlled entities
Industry Classification: Professional, Scientific and Technical Services

Acknowledgement of Country

KBR acknowledges Australia's first peoples as the traditional owners of the land on which it operates.

We celebrate the diversity of Aboriginal and Torres Strait Islander peoples and their ongoing cultures and connections to the lands and waters.

We pay our respects to Elders past, present and future, and acknowledge all Aboriginal and Torres Strait Islander peoples across all communities in which we live, visit and work. We are incredibly grateful that Aboriginal and Torres Strait Islander peoples have held on to their culture, and more so that they choose to share their culture with us; we are better for it.

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About KBR

KBR Holdings Pty Ltd and its controlled entities (referred to in this report collectively as 'KBR Australia') is a subsidiary of KBR, Inc.

KBR, Inc. (referred to in this report as 'KBR Global') is incorporated in the US and listed on the New York Stock Exchange.

KBR Global is an international organisation that helps clients tackle complex challenges for national security, energy security, energy transition, defence, space, cyber and other areas of global importance. With more than 100 years of history and a strong culture of innovation, KBR Global delivers critical services and solutions that support a better, safer and more sustainable world.

KBR Global supports customers in more than 85 countries and has operations in over 28 countries. KBR Global has established net zero 2050 targets for its global enterprise, including Australia, validated by the Science Based Targets initiative (SBTi). Metrics discussed in Chapter 4 of this report reflect the Australian operations and are aligned with KBR Global's initiatives.

KBR Australia has operated in Australia for more than 65 years. KBR Australia's work focuses on critical infrastructure and national security, with around 2,000 local team members delivering innovative and sustainable solutions for a safer, more secure future. We provide end-to-end services, from planning and design to delivery, sustainment and maintenance, for major road, rail, water and defence programs.

KBR Australia has decades of experience partnering with the Australian Government on large-scale, nation-building programs, delivering capabilities that span complex engineering and technical consultancy, technology development, program management, and specialist and defence support. This Sustainability Report is prepared in the context of this business model, with a focus on how climate-related risks and opportunities may influence our client delivery outcomes, our workforce and operations, and the resilience and competitiveness of our service offerings over time.

Unless stated otherwise, "we," "us," and "our" refer to KBR Australia. When referring specifically to KBR, Inc., we use "KBR Global".

Basis of Preparation

Statement of Compliance and Scope

This Sustainability Report has been prepared for KBR Australia for the reporting period 1 January 2025 to 31 December 2025 in accordance with the climate disclosure requirements under the Australian Sustainability Reporting Standards, specifically AASB S2 Climate-related Disclosures. This Sustainability Report relates to the same reporting entity and reporting period as the related financial statements for the year ended 31 December 2025 and is intended to be read alongside KBR Australia's financial statements and related governance reporting.

Unless otherwise stated, all monetary amounts disclosed in this Sustainability Report are presented in Australian dollars (AUD).

Subsequent Events

There has not arisen, in the interval between the end of the reporting period and the date of this Sustainability Report, any item, transaction or event of a significant and unusual nature likely, in the opinion of the directors of KBR Australia, to affect significantly the operations of KBR Australia and its controlled entities (the Group), the results of those operations or the state of affairs of the Group in future years.

Transition Reliefs

This is KBR Australia's first annual reporting period applying AASB S2. KBR Australia has elected to apply the following transitional relief provisions available under Appendix C of AASB S2:

- Comparative information (paragraph C3): KBR Australia has not presented comparative information for periods before the date of initial application.
- Scope 3 greenhouse gas emissions (paragraph C4(b)): KBR Australia has not disclosed Scope 3 greenhouse gas emissions for the current reporting period.

In addition, KBR Australia is applying these other first-year disclosure limitations:

- Capital deployment: KBR Australia has not separately quantified the amount of capital expenditure or financing deployed toward climate-related risks and opportunities. KBR Australia expects to develop the internal tracking and allocation processes required to support quantitative disclosures in future reporting periods.
- Financial effects: KBR Australia has not quantified the current or anticipated financial effects of climate-related risks and opportunities. Climate-related transition and physical risk exposures are expressed qualitatively in the Strategy and Risk Management chapters. KBR Australia expects to develop these disclosures as measurement capabilities mature.

Reporting Entity and Boundaries

KBR Australia delivers value to our clients through two discrete businesses, Infrastructure Solutions (IS) and Australia Defence and Security Solutions (ADSS). This report covers climate-related risks, opportunities, governance, strategy, risk management, and metrics and targets for both IS and ADSS, with disclosures presented separately where this improves clarity or reflects the distinct operating environments and sensitivities of each business.

KBR Australia measures and discloses its greenhouse gas emissions pursuant to the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004) (GHG Protocol). KBR Australia applies the operational control approach to determine its organisational boundary. Under this method, KBR Australia accounts for 100% of its GHG emissions from operations over which it has the authority to implement operating policies. This includes all wholly owned Australian subsidiaries of KBR Australia. Joint ventures or arrangements in which KBR Australia does not have operational authority are excluded from its emissions boundary. Scope 2 emissions are presented using both the location-based and market-based methods in accordance with the GHG Protocol.

Materiality Approach

KBR Australia applies a materiality approach consistent with AASB S2, which focuses on information that could reasonably be expected to influence the decisions of primary users of general purpose financial reports. This assessment is informed by KBR Global's risk process, which considers both the magnitude of potential effects and the likelihood of occurrence, supported by scenario analysis and risk assessment processes described in this report.

Material climate risks and opportunities reported in this disclosure are informed by KBR Global's climate risk and opportunity assessment process. The report places emphasis on those risks and opportunities assessed as material under KBR Global's risk evaluation approach. Further detail on the risk identification and assessment process, including how it is conducted and governed, is described in Chapters 2 (Strategy) and 3 (Risk Management).

Where climate risks and opportunities are assessed as concentrated within parts of the business model or value chain, this concentration is disclosed to support a clear understanding of where exposures are most significant, including differences between KBR Australia's two principal businesses, IS and ADSS.

Key Judgments, Estimates and Uncertainties

Climate-related risks and opportunities over the short, medium and long term are informed by scenario analysis using multiple pathways, including a 1.5°C aligned scenario and a scenario where warming exceeds 2.5°C. KBR Australia applied judgment to assess risks across relevant time horizons and scenarios in a proportionate manner.

In preparing this disclosure, KBR Australia applied material judgments in several areas, including the determination of materiality thresholds used to identify which climate-related risks and opportunities are most significant, and the selection of appropriate emissions factors as described in Chapter 4.2.

As part of applying our material judgments in preparing climate-related disclosures, including GHG emissions calculations, the selection of appropriate emissions factors is a key consideration.

Estimates and assumptions regarding Scopes 1 and 2 GHG inventory reporting are used where primary consumption data is incomplete. This includes extrapolation of partial-year utility data and estimation approaches for refrigerants where landlord information is not available, and the use of published emission factors and global warming potential values where supplier or site-specific factors are not available.

In conducting its climate resilience scenario analysis, KBR Australia applied judgment in selecting two climate-related scenarios, RCP 2.6 aligned to approximately 1.5°C warming and RCP 8.5 aligned to warming exceeding 2.5°C, paired with Shared Socioeconomic Pathway 1 (SSP1) and Shared Socioeconomic Pathway 5 (SSP5) respectively, to enable a practical assessment aligned with the nature of the Australian operations. KBR Australia also applied judgment in not assessing each time horizon separately for each scenario, instead assessing risks across near (2030), mid (2050) and long-term (2070) horizons under each scenario using a proportionate approach consistent with KBR Australia's climate risk register.

Uncertainty remains where data quality varies by facility and where future policy, market and climate outcomes result in high measurement uncertainty. Consequently, where quantitative disclosure involves undue cost or effort or is not decision-useful due to this uncertainty, we explain why and provide qualitative information on the nature of the effects and likely affected financial statement line items.

1 Governance

1.1 Australian Governance Structure

KBR Australia's governance of climate-related matters operates within KBR Global's enterprise-wide framework while at the same time addressing Australian-specific regulatory requirements. Figure 1 illustrates how Australian governance and management responsibilities connect across three layers: KBR Global oversight, KBR Australia entity governance, and sustainability-specific roles.

Figure 1 KBR Sustainability Governance

The Board of Directors of KBR Australia, as the governing body of the Australian reporting entity, has established standard governance arrangements under which the Head of IS and the Head of ADSS are responsible for the operations of KBR Australia's two business segments. Oversight of climate-related risks and opportunities affecting KBR Australia is exercised at KBR Global level by the Sustainability, Technology and Cybersecurity Committee of the KBR Global Board of Directors (the 'Board Sustainability Committee'), reflecting KBR Australia's position as a wholly owned subsidiary of KBR Global. Responsibilities of the Board Sustainability Committee for climate-related risks and opportunities are reflected in the charters, mandates and role descriptions of relevant governance bodies and individuals. This includes the Board Sustainability Committee, through its charter, and management roles and teams, including the Corporate Sustainability Officer, Corporate Sustainability Team, Australian Environmental Champions, Project Delivery and HSSE teams. The Board Sustainability Committee assesses whether appropriate skills and competencies are available through the collective experience of its members and support from the KBR Global Corporate Sustainability Officer, the Corporate Sustainability Team and external specialists. The appropriate skills and competencies are assessed through an annual Board knowledge, skills and experience survey covering sustainability and environment and risk management. The results, together with input from the Corporate Sustainability Officer and management are used to confirm collective capability and address any gaps through upskilling or engagement with external expertise. The KBR Global Audit Committee retains general oversight of enterprise risk, including the potential

financial statement effects of climate-related risks. The Corporate Sustainability Team and Enterprise Risk Management Team operate across all levels of the organisation, participating in regular discussions with the Australia project delivery and Health, Safety, Security and Environment (HSSE) teams to ensure alignment between the KBR Australia climate risk register and the KBR Global risk register. Climate-related risks and opportunities that meet defined materiality thresholds at the Australian level are escalated to the Corporate Sustainability Team and the Enterprise Risk Management Team for enterprise-wide oversight. Climate-related risks and opportunities are not a standing item on the KBR Australia Board agenda and are brought to the Board where relevant, including where matters are considered material to KBR Australia or otherwise require Board attention. In addition, one member of the KBR Australia Board, in a separate management capacity as Head of ADSS, has more regular operational visibility of climate-related risks and opportunities.

At the operational level, Australian Environmental Champions are embedded representatives across KBR's Australian business units, supported by the KBR Project Delivery teams and the HSSE teams. Progress on climate-related initiatives from the Australian operations is reported to the Global Sustainability Committee (GSC), on which the Australian Business Unit leads sit as representatives. This structure helps ensure that KBR Australia's climate-related disclosures are both informed by global strategy and responsive to local regulatory requirements, including AASB S2.

1.2 Management-Level Oversight

KBR Global's Board of Directors assigns management-level oversight of sustainability and climate-related matters, including associated risks and opportunities, to the GSC. Led by the Corporate Sustainability Officer, the GSC is composed of senior leaders and business representatives who provide managerial oversight and direction for climate-related responsibilities across the organisation. The GSC appoints management-level Environmental Champions for each region and business unit, with both of KBR's Australian business segments represented, to operationalise this oversight.

These Environmental Champions in KBR Australia are responsible for integrating climate-related procedures and controls into day-to-day operations at a local level in collaboration with other internal operational and functional teams and with support from the Corporate Sustainability Team. They achieve this by advocating for and managing KBR Global's environmental Zero Harm pillars, coordinating the implementation of net-zero targets and initiatives at the local level, and monitoring quarterly carbon-footprint reporting and data collection to ensure accurate and timely climate-related information. They also support the Australian teams with the roll-out and incorporation of climate-related risks and opportunities into existing risk-management processes, embedding climate considerations into business-as-usual decision-making.

The Corporate Sustainability Team comprises specialists with expertise across climate-related disclosure, greenhouse gas emissions measurement, climate scenario analysis, sustainability strategy and target setting under the SBTi framework. The team collaborates with KBR Global's Enterprise Risk Management, Legal and Finance functions on climate-related matters that intersect with enterprise risk, regulatory compliance and financial reporting.

The Australia HSSE team is responsible for implementation at the local level including conducting climate risk and opportunity assessments; preparing and maintaining emissions inventories and ensuring timely and accurate reporting of Scopes 1, 2 and relevant Scope 3 emissions; developing and supporting emissions reduction and decarbonisation initiatives; integrating climate and sustainability considerations into project delivery and operational planning; and ensuring all activities align with KBR Global's sustainability requirements and Australian regulatory expectations. This includes preparing the data and analysis that underpins this climate-related disclosure, coordinating with external assurance providers, and supporting the integration of climate considerations into project bids and new and existing leases.

2 Strategy

Climate-related risks and the energy transition are influencing KBR Australia's corporate strategy and decision-making by reshaping client demand, policy and regulatory expectations, market competitiveness, and the resilience requirements embedded in the projects we support. KBR Australia integrates these considerations into planning, project delivery and operational decisions through our alignment with KBR Global's Sustainability Strategy and Climate Transition Plan, supported by scenario analysis and risk assessment processes described in Chapter 3.

2.1 Climate-related Impacts on Business Strategy

KBR Australia has identified climate-related risks and opportunities that could reasonably be expected to affect our prospects over the short, medium and long term. These are summarised in Table 1 and include both transition risks and opportunities associated with regulation, client requirements, market expectations and competitiveness, and physical risks arising from climate hazards that may affect facilities, workforce safety and continuity, and project requirements. The identification of these risks and opportunities is supported by a consolidated climate risk register informed by separate IS and ADSS engagement, using a consistent process and documentation approach.

Climate-related risks and opportunities have influenced KBR Australia's organisational strategy in four areas:

- **Core Services:** Expansion of advisory offerings in climate risk, water resilience, and energy transition.
- **Project Delivery:** Integration of climate considerations into the project lifecycle – especially at planning, options analysis, and design stages.
- **Resource Allocation:** Prioritising investment in tools and capabilities to assess climate risks, quantify emissions, and develop mitigation pathways.
- **Partnerships:** Deepening collaboration with clients, supply chain partners, First Nations partners, and research institutions to co-design adaptive solutions that enhance climate and community outcomes.

The current effects of climate-related matters for KBR Australia are most evident in increasing disclosure expectations, rising client focus on net zero and resilience, and a growing need to integrate climate considerations into service delivery and internal operations. Anticipated effects are expected to become more pronounced over time as climate policy settings, market demand and physical climate impacts evolve.

The time horizons applied in this report align with the horizons used in the risk register and are shown in Figure 2:

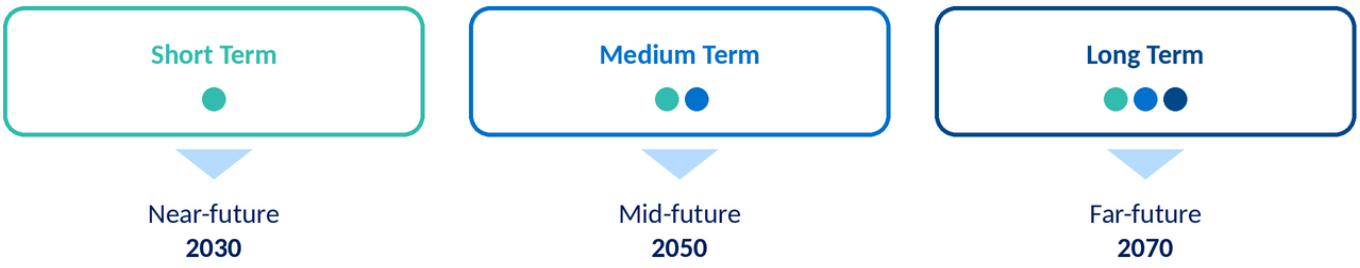

Figure 2 Time horizon definition

Table 1 summarises the material climate-related risks and opportunities identified for KBR Australia that are reasonably expected to affect our prospects. The risks and opportunities included in Table 1 have been assessed as material and form the basis for the strategy, financial effects and climate resilience disclosures that follow.

#	Risk ratings under climate scenarios	SSP1-2.6 scenario (early decarbonisation) 1.5°C		SSP5-8.5 Scenario (no decarbonisation) >2.5°C	
	Risk description	Risk rating	Time horizon	Risk rating	Time horizon
R1	**Transition Risk – Strategic Misalignment:** Failing to realign strategy and organisational direction to meet changing physical and legislative conditions could erode KBR Australia's competitive advantage, leading to financial, investor, and reputational impacts.	High	●	Low	●●●
R2	**Transition Risk – Innovation Lag:** Failing to invest in emerging low-carbon technologies could cause KBR Australia to lose competitive advantage, leading to reduced revenue and market share.	High	●	Medium	●●●
R3	**Physical Risk - Acute Climate Impacts:** Increased frequency and severity of extreme weather events could damage facilities and affect workforce safety, reducing KBR Australia's ability to deliver contracts on time and within budget.	Medium	●	High	●●●
R4	**Transition Risk - Delayed Climate Action:** Slow climate action in the face of shifting stakeholder expectations could damage KBR Australia's reputation, leading to weaker tender performance, workforce challenges, increased investor and client pressure, and loss of business to more advanced competitors.	High	●	Low	●●
O1	**Transition Opportunity – Defence Sector Adaptation:** Growth in demand for defence sector infrastructure and systems adaptation, potentially increasing revenues for KBR Australia.	Low	●●	High	●●
O2	**Transition Opportunity - Low-Carbon Transport Infrastructure:** The shift to low-carbon transport creates an opportunity for increased demand for engineering, analysis, and advisory services for low-carbon transport infrastructure and systems, potentially boosting revenues for KBR Australia.	Medium	●	High	●●
O3	**Transition Opportunity - Defence Energy Transition:** Net-zero commitments and regulations are increasing demand for low-carbon technologies and energy security, creating an opportunity to support defence's transition away from hydrocarbon fuels and enabling growth and new partnerships.	High	●	Medium	●●
O4	**Transition Opportunity - Global and Domestic Clean-Growth Investments:** Global economic growth strategies, including clean-growth fiscal stimulus packages, are increasing demand for climate-related services provided by KBR Australia, creating opportunities for KBR Australia to expand into wider domestic and selected international markets.	High	●	Medium	●●

O5	**Transition Opportunity – Low-carbon Technology Investment:** Investing in emerging low-carbon technologies presents an opportunity for KBR Australia to strengthen its competitive advantage, supporting revenue growth and market share expansion by enabling market entry, program scale-up and greater investment certainty aligned to current Australian policy, stimulus frameworks and mechanisms.	High	●	Medium	●●
	Short Term: ● Medium Term: ●● Long Term: ●●●				

Table 1 KBR Australia Climate-related Risks and Opportunities.

2.2 Business Model & Value Chain

KBR Australia creates value by providing professional services and project support that help clients plan, design and deliver outcomes across critical infrastructure and national security priorities. Our operating model spans advisory and technical services, program delivery support and sustainment activities, with work delivered through two principal business entities, IS and ADSS.

The organisation's value chain includes:

- **Upstream** inputs such as enabling services, facilities and technology platforms that support delivery; and,
- **Downstream** activities associated with client delivery, including project planning, design and assurance services, and sustainment support.

Climate-related risks and opportunities can occur at multiple points in this value chain. For KBR Australia, transition risks and opportunities are generally more prominent than physical risks, reflecting the role of policy, client expectations and market demand in shaping future work. Physical risks remain relevant through impacts to facilities, workforce safety and continuity, and the climate resilience requirements embedded in client projects

2.3 Strategy and Decision-Making Response

KBR Australia's strategy responds to climate-related risks and opportunities by strengthening the way climate considerations are incorporated into decision-making, service delivery and internal operations. This includes building capability to support clients' transition and resilience objectives, integrating climate considerations into planning and design stages of work, and improving the quality and completeness of climate-related data used for decision-making and reporting. Current and anticipated changes to our business model reflect growing demand for low-carbon and climate-resilient infrastructure. Our work on resilience planning, net zero emissions roadmaps, renewable hydrogen and ammonia developments, and engineering services for critical minerals and rare earth projects demonstrates how climate-related risks and opportunities are influencing our service delivery and resource allocation. These projects position us to support clients across water, ports, defence, energy transition and clean-energy supply chains. Recent examples of this work include supporting Samsara Eco to design its first-of-a-kind enzymatic recycling plant, collaborating with Hazer Group to help scale methane pyrolysis technology for low-emission hydrogen and graphite production, and continuing our long-standing support for South Australia Water Corporation (SA Water), including its Zero Cost Energy Future initiative. KBR Australia's strategic response is aligned with KBR Global's Climate Transition Plan, which outlines the organisation's long-term pathway to net zero and the actions planned across operational, value chain and market dimensions. Figure 3 provides an overview of KBR Global's strategic framework. KBR Global's near-term 2030 and net zero 2050 targets have been validated by the SBTi, and KBR Australia applies these principles proportionately to its operations, reflecting market expectations in Australia and supporting delivery of services that help clients meet their own transition objectives.

KBR Australia's contribution to the transition is focused on three areas: reducing operational emissions through improving energy efficiency and procuring renewable energy sources at our Australia locations, building internal expertise to deliver climate-related decarbonisation services to our clients, and adding climate protections into our project bids and procurement. Key assumptions for our transition plan include the continued availability and reasonable cost of renewable energy, the strengthening of the Australian government's climate policy, and future client demand for carbon reduction solutions. The plan is dependent on landlord cooperation, the availability and

affordability of renewable energy credits, and the pace at which our clients embed decarbonisation into their projects. These actions are funded through existing operational budgets and do not require significant capital expenditure considering KBR Australia's asset-light operating model. Progress is monitored through KBR Global's carbon footprint review process.

Further detail on KBR Australia's climate-related targets is provided in Chapter 4.4 of this report.

As this is KBR Australia's first year of mandatory climate disclosure reporting under AASB S2, this report does not include comparative trend or progress analysis against prior reporting periods. KBR Australia's climate-related targets are based on a 2023 base year, as described in Chapter 4.4, and future reports are expected to provide expanded trend and progress analysis as reporting matures and comparable information becomes available.

Figure 3 KBR 10 Zero Harm Pillars

2.4 Climate Resilience Scenario Analysis

KBR Australia assessed the resilience of its strategy and business model in 2025 using climate-related scenario analysis based on the Intergovernmental Panel on Climate Change (IPCC) AR5 Representative Concentration Pathways. The analysis applied two scenarios that align with the Corporations Act requirement to assess at least a low global warming scenario and a high global warming scenario.

KBR Australia used SSP1 and SSP5 in combination with RCP 2.6 and RCP 8.5 to enable a practical, project- and asset-level assessment aligned with the nature of the Australian operations. This was consistent with the KBR Global

application of the Network for Greening the Financial System (NGFS) scenarios, which are grounded in the same SSP-RCP frameworks. The SSPs chosen for KBR Australia provide sufficient global policy and socioeconomic context for regional analysis while NGFS scenarios are better suited to assessing enterprise-wide transitional risks and opportunities.

The early decarbonisation scenario (RCP 2.6), paired with SSP1, aligned to approximately 1.5 °C, assumes strong and coordinated global climate action. Under this pathway, transition risks and opportunities are more prominent due to regulatory and market shifts, while physical risks are comparatively lower over the long term.

The no decarbonisation scenario (RCP 8.5), paired with SSP5, aligned with a high-warming pathway in which global warming exceeds 2.5°C, assumes limited global climate action, resulting in fewer transition risks and related opportunities, but significantly greater long-term physical risks and physical-risk driven adaptation opportunities. These scenarios represent opposite ends of the climate policy spectrum and allow KBR Australia to consider a wide range of potential risks and opportunities across its operating environment, service offerings and client base.

KBR Australia applied a proportionate scenario analysis approach consistent with its climate risk register. The method does not require each time horizon to be assessed separately for each scenario. Instead, judgment has been applied to understand how risks may evolve across short (2030), medium (2050) and long-term (2070) horizons under each scenario. KBR Australia updates its climate-related scenario analysis in line with KBR Global's strategic planning cycle, with the next full scenario analysis scheduled to be performed in FY2028. In each intervening reporting period, KBR Australia will reassess its climate resilience annually to reflect updated insights into the implications of climate uncertainty for its business model and strategy. The climate-related scenario analysis that underpins this report was conducted in FY2025.

A summary of risk rating levels for each material risk and opportunity under selected scenarios is provided in Table 1.

In the scenario analysis, transition risks and transition opportunities are more prominent in the early decarbonisation scenario and in the short term, whereas physical risks become more prominent in the no decarbonisation scenario in the medium and long term, alongside opportunities associated with adaptation, resilience and changing client demand.

The outputs of the scenario analysis inform strategic decision-making by highlighting the implications for service demand, regulatory and client expectations, and the resilience requirements embedded in client projects, and the opportunities for KBR Australia to expand or adapt its service offerings under different climate pathways. They also support identification of significant areas of uncertainty and KBR Australia's capacity to adjust or adapt through financial flexibility, capability development and targeted investment in mitigation and adaptation.

2.4.1 Business Response to Material Risks and Opportunities

Table 2 summarises the areas of KBR Australia's business affected by each material climate-related risk and opportunity, along with the corresponding responses to mitigate risk and realise opportunity. For climate-related risks, the table outlines the actions taken to manage or reduce potential impacts, while for opportunities it highlights the initiatives designed to strengthen capability and realise value. These responses reflect KBR Australia's strategic and operational approach to addressing climate-related effects, including adjustments to service offerings, capability development, project delivery practices and operational arrangements.

#	Description	Affected / Impacted Area	Mitigation and Adaptation Strategies / Enhancement Responses and Resources
R1 R1	**Transition Risk – Strategic Misalignment:** Failing to realign strategy and organisational direction to meet changing physical and legislative conditions could erode KBR Australia's competitive advantage,	• Priority sector tender pipelines • Client procurement and bid scoring • Regulatory and disclosure jurisdictions	**Current:** KBR Australia benchmarks its strategic positioning against industry peers and aligns with evolving client and stakeholder expectations. Climate considerations are integrated into project design and delivery, supporting adaptability and resilience across projects. This approach is already in progress and is supported by existing internal

	leading to financial, investor, and reputational impacts.	• Service offering competitiveness • Reputation with clients and investors	capabilities, including dedicated practice groups, such as Sustainable Communities. **Anticipated**: This approach is expected to continue through ongoing use and incremental scaling of internal capabilities. Delivery will remain resourced primarily through skilled personnel and specialist expertise, with costs largely related to talent, capability development and integration into existing business processes rather than discrete capital investment.
R2 R2	**Transition Risk – Innovation Lag:** Failing to invest in emerging low-carbon technologies could cause KBR Australia to lose competitive advantage, leading to reduced revenue and market share.	• Low-carbon capability investment pipeline • Innovation and ventures portfolio • Client solutions and requirements • Technology partners and alliances • Specialist talent attraction and retention	**Current**: KBR Australia aligns its business strategy with climate-related expectations and recognised standards, while responding to evolving client requirements. This approach is embedded within current operations. Climate considerations are integrated into project design and delivery through aligned digital capabilities and application of KBR Global's low-carbon technology portfolio. Activities are supported through existing teams and specialist expertise and business-as-usual operations. **Anticipated**: KBR Australia will continue to strengthen the Consulting business, supporting low-carbon solutions and respond to shifting demand. This will be delivered through continued use and incremental scaling of existing capabilities, teams and partnerships within current operational and resource planning.
R3 R3	**Physical Risk - Acute Climate Impacts:** Increased frequency and severity of extreme weather events could damage facilities and affect workforce safety, reducing KBR Australia's ability to deliver contracts on time and within budget.	• Corporate offices and facilities • Project sites and access • Utilities and critical infrastructure • Workforce safety and continuity • Landlord and building services	**Current**: KBR Australia maintains a geographically dispersed workforce, supporting service continuity and reducing reliance on any single location. Climate-related factors are considered in the selection and management of leased facilities to support workplace resilience, safety and service continuity during disruptive events. These activities are supported through existing office management, Real Estate Services and Sustainability teams. HSSE-focused safety and resilience frameworks, such as a Zero Harm program, are resourced and delivered through existing systems and operating costs. **Anticipated**: KBR Australia expects to continue managing acute climate risks through its existing workforce, facilities management, and HSSE practices through to the long term (2070). This will involve ongoing considerations of climate-related factors in workplace planning and resilience measures, delivered through appropriate uplift and scaling of support teams, systems and resourcing.
R4 R4	**Transition Risk - Delayed Climate Action:** Slow climate action in the face of shifting stakeholder expectations could damage KBR Australia's reputation, leading to weaker tender performance, workforce	• Tender performance and win rates • Client and investor expectations • Reputation and brand perception • Partner and supply chain confidence	**Current**: KBR Australia incorporates climate action commitments into its operations, including science-based net-zero targets for the near-term (2030) and long-term (2050), supported by tailored KPIs for year-on-year emissions reductions across business units and facilities. Progress is measured through comprehensive GHG tracking across all emissions scopes, with climate performance and

	challenges, increased investor and client pressure, and loss of business to more advanced competitors.	• Workforce attraction and retention	mitigation actions communicated transparently to markets, investors and employees. The positioning of the Consulting business and focus on practice groups such as Sustainable Communities further support demonstration of capability, differentiation and leadership on climate-related matters. These activities are covered through existing business-as-usual operations. **Anticipated**: KBR Australia expects to continue progressing its climate commitments through ongoing emissions reductions towards targets and stakeholder engagement. This will be supported by continued strengthening of consulting and advisory capabilities to respond to evolving expectations and competitive pressures, delivered through existing teams, systems and operating models without material additional resourcing.
O1 O1	**Transition Opportunity – Defence Sector Adaptation:** Growth in demand for defence sector infrastructure and systems adaptation, potentially increasing revenues for KBR Australia.	• Defence estate upgrade programs • Climate resilience advisory services • Defence asset locations and regions • Prime contractor partner networks • Systems adaptation and assurance	**Current:** KBR Australia is responding to growing defence sector demand by building sustainable design capability and competitive differentiation through enhanced skills, tools, engineer training, university partnerships and renewable-design expertise. Market presence is strengthened through support for clients on carbon audits, opportunity identification and sustainability advisory services, alongside brand visibility through delivery of adaptation and sustainability focused defence projects. These activities are delivered through existing business-as-usual capabilities. **Anticipated**: KBR Australia expects demand for defence sector adaptation to increase over the medium (2050) to long term (2070). In response, the business will deepen advisory and systems-level support for defence clients, supported primarily through continued talent and capability development and ongoing business development investment within existing operating models.
O2 O2	**Transition Opportunity - Low-Carbon Transport Infrastructure:** The shift to low-carbon transport creates an opportunity for increased demand for engineering, analysis, and advisory services to low-carbon transport infrastructure and systems, potentially boosting revenues for KBR Australia.	• Clients and contracts • Service offering and delivery model • Jurisdictions and funding • Value chain influence	**Current**: KBR Australia assesses market needs and prioritises targeted capability development in low-carbon transport infrastructure and technologies. Low-carbon transport capabilities are promoted through integrated market positioning supporting partnership development and client engagement. These activities are embedded within planning and development teams and delivered through existing technical advisory and business development resources, with costs primarily related to capability development. **Anticipated:** KBR Australia expects demand for low-carbon transport infrastructure to increase over the medium (2050) to long term (2070). In response, the business will continue to deepen relevant capabilities to support growth in engineering, analysis and advisory services,

			delivered through increasing capability uplift and scaling of existing teams within current operating and resource planning.
O3 O3	**Transition Opportunity - Defence Energy Transition:** Net-zero commitments and regulations are increasing demand for low-carbon technologies and energy security, creating an opportunity to support defence's transition away from hydrocarbon fuels and enabling growth and new partnerships.	• State transport agency pipelines • Low-carbon infrastructure programs • Planning, design and assurance services • Sustainability procurement requirements • Contractor specification and reporting	**Current**: KBR Australia is responding to defence energy transition demand in the short-term (2030) by applying its engineering, advisory and systems expertise to support low-carbon technologies, energy security and resilience outcomes for defence clients. This includes supporting assessments, analysis and advisory services to net-zero commitments and regulatory expectations. Activities are delivered through existing defence energy and sustainability capabilities and supported by business-as-usual operations. **Anticipated:** As defence decarbonisation commitments and energy security requirements continue to evolve, KBR Australia expects to deepen advisory and system-level support for this client base. This will be delivered through continued capability building, targeted talent uplift and partnership expansion, supported by ongoing business development and resource investment.
O4 O4	**Transition Opportunity - Global and Domestic Clean-Growth Investments:** Global economic growth strategies, including clean-growth fiscal stimulus packages, are increasing demand for climate-related services provided by KBR Australia, creating opportunities for KBR Australia to expand into wider domestic and selected international markets.	• Defence energy transition initiatives • Alternative fuels and electrification market offering • Secure technology integration partners and alliances • Defence logistics and sustainment support • Government climate policy alignment • Market entry, expansion and delivery capability scaling in relevant jurisdictions.	**Current**: KBR Australia has expanded advisory services to include regulatory readiness, net-zero transition planning and carbon-risk mitigation supporting energy-transition and low-carbon outcomes across all operational environments. Current demand is being addressed through existing engineering, advisory and project delivery teams, with activities embedded within business-as-usual operations and resourced primarily through specialist expertise and capability development. **Anticipated**: KBR Australia expects demand for climate-related advisory and delivery services to continue to grow over the medium (2050) to long term (2070) as global and domestic clean-growth investment and stimulus packages accelerate. In response, the business will continue to scale and adapt advisory and delivery capabilities to support expansion into the wider domestic and selected international markets. This will be achieved through capability uplift, targeted talent development and continued integration of services within existing operation and resource planning, without material additional capital investment.
O5 O5	**Transition Opportunity – Low-carbon Technology Investment:** Investing in emerging low-carbon technologies presents an opportunity for KBR Australia to strengthen its competitive advantage, supporting revenue growth and market share expansion by enabling market entry,	• Emerging low-carbon technology capability Stimulus-funded infrastructure pipelines • Market entry and expansion • Program delivery capability scaling • Investment certainty and demand stability	**Current**: KBR Australia identifies and positions opportunities aligned with Australian policy objectives and stimulus programs that support investment in low-carbon technologies to strengthen competitive advantage, including the development, deployment and scaling of KBR Global's existing low-carbon technology portfolio. This approach is embedded in strategic planning and marketing development activities and is delivered through existing advisory, commercial and delivery teams. Resourcing is primarily talent-

	program scale-up and greater investment certainty aligned to current Australian policy, stimulus frameworks and mechanisms.		and capability-based, with costs related to policy analysis, business and partnership development integrated into business-as-usual operations. **Anticipated**: KBR Australia expects continued growth in low-carbon technology investment as policy, stimulus and funding mechanisms evolve. In response, the business will continue to support market entry and scale-up through increasing capability uplift and further development of technology partnerships leveraging KBR's low-carbon solutions, delivered through existing teams and operating models without material additional capital investment.

Table 2 Affected area and business response to material risks and opportunities

2.5 Financial Effects

For this first reporting period, KBR Australia has not quantified the anticipated financial effects. This is because the financial effects of climate-related risks and opportunities are not separately identifiable from other factors influencing financial performance, and measurement and uncertainty associated with entity-level climate financial modelling remains too high to produce information that would be useful to users of financial reports. KBR Australia expects to develop its capacity to provide quantitative information progressively as methodologies, data quality and internal capabilities mature. We describe the qualitative financial effects in Table 3.

KBR Australia has assessed the climate-related risks and opportunities described in this report and has not identified any that give rise to a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities recognised in the related financial statements.

Time Horizon	Qualitative Financial Effects
Short Term Near Future 2030 ●	In the short term, financial effects are expected to arise primarily from increased compliance and reporting costs associated with mandatory climate disclosure, additional investments in emissions data collection and reduction capabilities, and potential shifts in bid evaluation criteria that may affect our win rates on climate-sensitive contracts. Climate-related risks and opportunities identified within this horizon are integrated into our financial forecasts, project risk assessments, and short-term mitigation strategies. The likely affected financial statement items are revenue, operating expenses and operating cash flows, with limited non-current asset additions for data and reporting capability investment. These effects relate primarily to identified transition risks around disclosure and competitiveness and to identified opportunities in low-carbon technologies and transition-related advisory services.
Medium Term Mid Future 2050 ●●	Over the medium term, financial effects are expected to relate to changes in service demand as our clients accelerate their decarbonisation and climate adaptation programs, potential increases in operating costs associated with leased facilities in areas of increasing physical climate risk, and investment in workforce capabilities and consulting services to capture transition-related opportunities. This horizon reflects the typical lifecycle of large government and infrastructure contracts, capital investment planning and technology development roadmaps, and is consistent with the timeframes used in KBR Australia's decarbonisation strategy and science-based net zero targets. The direction of these effects is expected to be net positive for revenue given KBR Australia's positioning as a professional services provider. The likely affected financial statement items are revenue, employee and other operating expenses, lease-related costs and operating and investing cash flows, with limited non-current asset additions for capability and technology investment. These effects relate to identified opportunities in climate adaptation and energy transition advisory services and to physical risks affecting leased facilities and service continuity.

Long Term Far Future 2070	Over the long term, financial effects will be influenced by the extent of global climate policy action and physical climate risk. Under an early decarbonisation pathway, KBR Australia anticipates sustained or growing demand for our transition-related consulting services. Under a high-warming pathway, increased physical risk to our clients' assets may drive demand for our advisory adaptation services, though this could be partially offset by disruption to project delivery in exposed regions. This horizon informs long-range scenario analysis and the development of future-facing capabilities aligned with our net zero goals. The likely affected financial statement items are revenue, project delivery costs and operating cash flows, with limited balance sheet effects given KBR Australia's asset-light model. These effects relate to identified opportunities in transition consulting and adaptation services and to physical risk that may affect project delivery in exposed regions.

Table 3 Qualitative Financial Impacts

2.6 Climate Resilience and Adaptive Capacity

2.6.1 Areas of Uncertainty Considered in the Assessment of Climate Resilience

The resilience assessment is most sensitive to uncertainty in the pace and coordination of climate policy and regulation, the rate of adoption of low carbon technologies and decarbonisation programs, the speed at which stakeholder and investor expectations around climate action evolve, and the timing and severity of physical climate impacts affecting client assets, leased facilities, and project delivery conditions. The uncertainties are relevant to KBR Australia's identified transition risks associated with strategic misalignment (R1), innovation lag (R2), and delayed climate action (R4), as well as acute climate impacts (R3). On the opportunity side, uncertainty in the speed of defence sector adaptation, low-carbon transport investment, defence energy transition and clean-growth stimulus programs affects the timing and scale of identified opportunities (O1 through O5). The relative significance of these risks and opportunities differs between the early decarbonisation and high-warming scenarios across the near, mid and long-term horizons used in this report.

2.6.2 Capacity to Adapt Strategy and Business Model

KBR Australia's capacity to adapt is supported by its strategy of expanding advisory and technical services in climate risk, energy transition and sustainable infrastructure, while integrating climate considerations into planning, design, and project delivery. This directly supports response to identified transition risks relating to strategic misalignment (R1), innovation lag (R2), and delayed climate action (R4). It also positions KBR Australia to capture identified opportunities in defence sector infrastructure and systems adaptation (O1), low carbon transport infrastructure (O2), defence energy transition (O3) global and domestic clean-growth investments (O4), and low carbon technology investment (O5). Under an early decarbonisation pathway, demand for transition-related advisory services is expected to grow as clients and governments accelerate their decarbonisation programs, increasing the significance of O2 through O5. Under a high-warming pathway, demand for defence adaptation and physical resilience services is expected to increase, with O1 becoming more prominent. The Climate Transition Plan is embedded in business strategy and supports adjustment of capabilities, service mix and strategic priorities as market demand, regulation, and technology evolve.

2.6.3 Asset Flexibility and Operational Adaptability

KBR Australia's operating model supports resilience because it is primarily office based, advisory and technical in nature and does not depend on long lived, emission intensive owned assets. This provides flexibility to redeploy people, skills, intellectual property and digital tools, and to adjust leased facilities and operating arrangements over time as conditions change. Resilience is further supported by a geographically dispersed workforce and by consideration of climate-related factors in leased facilities, which helps manage the identified physical risk of extreme weather disrupting facilities, workforce safety and contract delivery (R3). The asset light model also supports KBR Australia's ability to respond to transition risks R1, R2, and R4 by redeploying workforce capabilities toward new service lines and practice areas without significant capital expenditure, and to scale service delivery to capture identified opportunities as they emerge across different climate scenarios.

2.6.4 Role of Investment in Supporting Climate Resilience

KBR Australia's current and planned investments support resilience by strengthening emissions data and reporting capability, low carbon and sustainable infrastructure capability, and advisory and consulting services that support

client transition and adaptation needs. Investment in climate reporting and data systems supports response to transition risks relating to competitiveness and disclosure expectations (R1 and R4). Investment in low carbon technology capability, including KBR Global's proprietary technology portfolio and innovation partnerships such as sustainable aviation fuel and green ammonia projects, directly addresses transition risk R2 and supports pursuit of identified opportunities in the defence energy transition (O3) and low carbon technology investment (O5). Capability building in defence adaptation, low carbon transport infrastructure and international advisory services supports pursuit of opportunities O1, O2, and O4. Consistent with KBR Australia's asset light model, these investments are focused primarily on capability, technology, systems and service development rather than material owned physical assets.

3 Risk Management

3.1 Risk Management Framework and Integration

KBR Australia developed its climate-related risks and opportunities assessment by using its existing Enterprise Risk Management (ERM) framework as the foundational structure. The climate-related risk register was designed to align with the ERM process and scoring matrix, enabling climate risks and opportunities to be identified, assessed, prioritised, and monitored alongside KBR Australia's other enterprise risks.

While the underlying ERM framework was retained, targeted adjustments were made to reflect the specific nature of climate-related risks and opportunities. These included tailoring time horizons to reflect climate risk drivers rather than business-as-usual risk timeframes and incorporating climate scenarios to capture both transition and physical climate risks and opportunities. As a result, climate risk management is not a standalone process, but an extension of KBR Australia's existing ERM framework.

3.2 Climate Risk Management Process

The identification and assessment of climate-related risks and opportunities for KBR Australia is informed by authoritative national and regional climate datasets and tools. This includes the use of CSIRO's Climate Futures Tool and CSIRO's Technical Report on Climate Change in Australia, alongside relevant state-based resources such as Adapt NSW, Long Paddock (Queensland) and the Greater Melbourne Climate Projections. The identification and assessment of climate-related risks and opportunities were conducted under both climate scenarios used in this report, being an early decarbonisation scenario (RCP 2.6 aligned to approximately 1.5°C warming) and a no-decarbonisation scenario (RCP 8.5, aligned to warming exceeding 2.5°C), as described in Chapter 2.4. The scope of operations considered within the risk management process is defined by the same organisational boundary outlined in Chapter 4.3.1 of this Sustainability Report.

KBR Australia assesses material financial effect using a methodology aligned to KBR Global's enterprise risk process, taking into account both the magnitude and likelihood of potential effects on the business. In this assessment, magnitude refers to the scale and severity of the potential effect, and likelihood refers to the probability of the effect occurring over the relevant time horizon. A climate-related risk or opportunity is considered material where the combination of magnitude and likelihood rates it as High to indicate it could reasonably be expected to influence the decisions of primary users of general-purpose financial reports. Applying a consistent risk assessment approach across climate-related and non-climate risks supports comparability and integration into enterprise-wide financial planning and decision-making.

Where risks are assessed as material, we develop mitigation actions and assign them to risk owners in line with the ERM framework, with residual risk ratings applied after considering existing controls. Risk owners are responsible for tracking changes in risk ratings and emerging issues, with reporting through established management and governance channels regularly. The climate risk management approach is reviewed quarterly to ensure it remains responsive to changing climate risks, regulations, and business conditions.

Because this is KBR Australia's first reporting period under AASB S2, there are no changes to the processes used compared to prior reporting periods.

Findings from climate risk assessment and scenario analysis are used to inform strategic responses, including the development of climate-resilient service offerings, alignment with KBR Global's (which includes KBR Australia) net zero roadmap, and engagement with customers on transition and resilience strategies. Further detail on the strategic implications of climate-related risks and opportunities is provided in Chapter 2.

3.3 Climate-related Risks and Opportunities

KBR Australia identified climate-related risks and opportunities through separate IS and ADSS engagement, which were consolidated into a single climate risk register. Each identified risk and opportunity was then assessed under the RCP 2.6 and RCP 8.5 climate pathways and scored for severity and probability using KBR Australia's ERM climate risk scoring matrix, as shown in Figure 4.

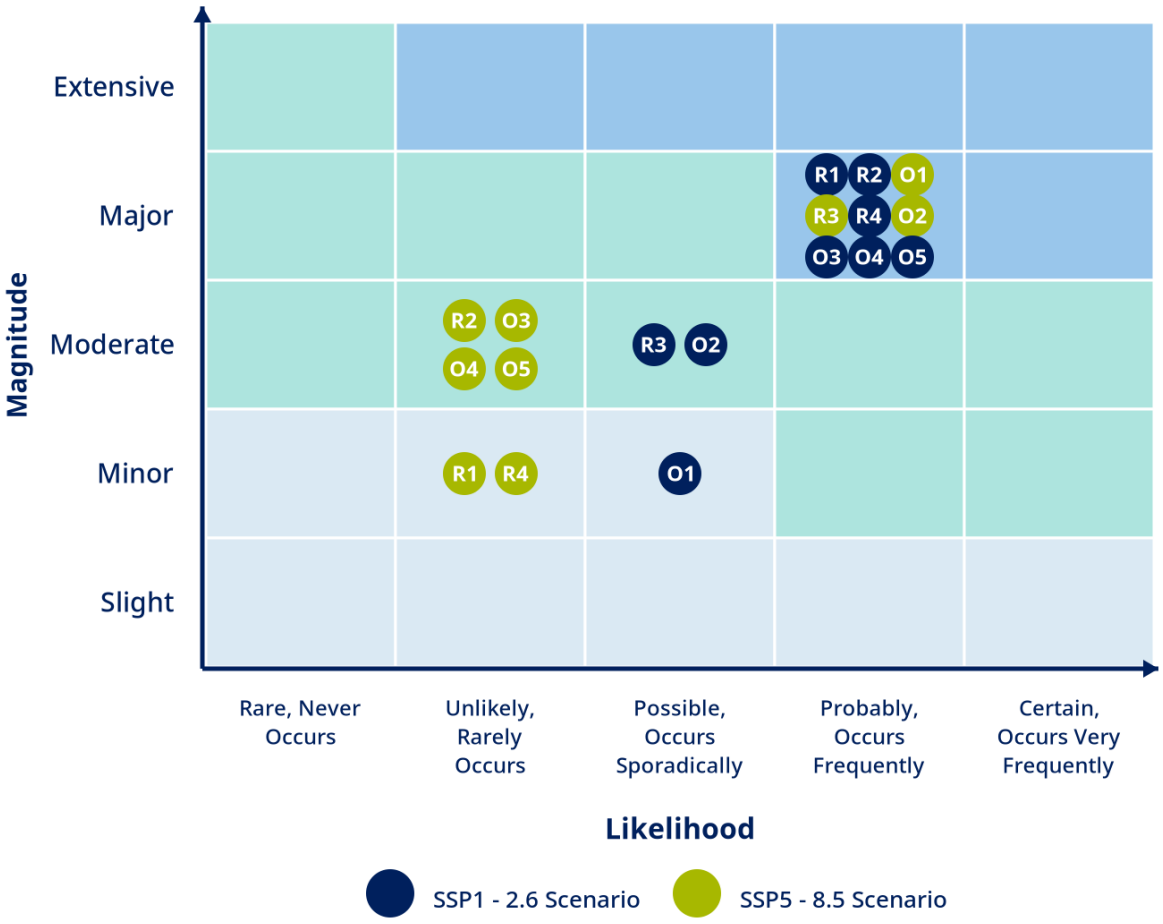

Figure 4 Material Climate Risks and Opportunities. See Figure 4A for the colour key and underlying likelihood-magnitude matrix.

Magnitude (severity) Rating	Consequence		Likelihood (probability)				
			1	2	3	4	5
			Rare, never occurs	Unlikely, rarely occurs	Possible, occurs sporadically	Probable, occurs frequently	Certain, occurs very frequently
	Physical risk likelihood >		May occur only in exceptional circumstances; less than a 10% chance of occurring in the identified time period if the risk is not mitigated	Has a 10–30% chance of occurring in the future if the risk is not mitigated	Has a 40–60% chance of occurring in the identified time period if the risk is not mitigated	Has a 60–90% chance of occurring in the identified time period if the risk is not mitigated	Has a greater than 90% chance of occurring in the identified time period if the risk is not mitigated
	Transitional risk likelihood >		Has not occurred in the past 5 years and is unlikely during the next 50 years	May have occurred once in the past 5 years or may arise once in 25 to 50 years	Has occurred during the past 5 years, but not every year, or may arise once in 25 years	Has occurred at least once in the past year and in each of the previous 5 years, or may arise about once per year	Has occurred several times in the past year and in each of the previous 5 years, or could occur several times per year
1	Slight	No response required or no appropriate remedial measure	Low	Low	Low	Low	Low
2	Minor	Low remedial cost	Low	Low	Low	Medium	Medium
3	Moderate	Significant remedial cost as % of the project capital expenditure	Medium	Medium	Medium	Medium	Medium
4	Major	Major remedial cost as % of the project capital expenditure	Medium	Medium	Medium	High	High
5	Extensive	Massive remedial cost as % of the project capital expenditure	Medium	High	High	High	High

Figure 4A Climate Risks and Opportunities Matrix

4 Metrics and Targets

4.1 Climate-related Metrics

4.1.1 Climate-related Risks & Opportunities

For the purposes of metrics disclosure, KBR Australia focuses on those climate-related risks and opportunities assessed as material under the risk evaluation approach.

KBR Australia has not separately quantified the amount and percentage of assets or business activities vulnerable to climate-related transition or physical risks or aligned with climate-related opportunities for the current reporting period. This is because of the high measurement uncertainty in applying long-term climate projection methodologies to specific physical assets, and in separately identifying the proportion of revenue streams and business activities exposed to climate-related transition risks in light of the nature of KBR Australia's professional services business model. Consequently, vulnerability is expressed qualitatively in Chapter 3. KBR Australia expects to develop these disclosures as measurement capabilities mature in future reporting periods.

4.1.2 Capital Deployment

KBR Australia considers capital deployment related to climate-related risks and opportunities through its strategic and financial planning processes, including budgeting, forecasting and investment prioritisation. Capital deployment is informed by the time horizons used in KBR Australia's climate risk assessment and scenario analysis, which align to business planning cycles, the delivery profile of major contracts and longer-term capability development needs.

KBR Australia's capital deployment considerations are supported by alignment to KBR Global's ERM approach, which is used to prioritise investment and development activity towards the material climate-related risks and opportunities and to guide resource allocation for climate resilience. Further detail on the time horizons used and how climate-related matters are integrated into planning is provided in the Strategy (Chapter 2) and Risk Management (Chapter 3) chapters.

KBR Australia has not separately quantified the amount of capital expenditure or financing deployed toward climate-related risks and opportunities for this reporting period (refer to the Transition Reliefs section in the Basis of Preparation Chapter).

4.1.3 Internal Carbon Cost Allocation

KBR Australia is subject to an internal carbon cost allocation methodology established by KBR Global. KBR Global allocates the cost of renewable energy certificates (RECs) across the global organisation, with the cost pool held at corporate overhead and allocated to business segments based on facility electricity use (kWh) and the related cost allocation methodology. This approach supports internal cost management and budgeting and reinforces accountability for electricity consumption.

As an example, the FY2024 internal carbon cost allocation used by KBR Global for KBR Australia was 44.86 AUD per MWh. KBR Global updates the rate each year based on actual REC and offset costs and the activity data used in the allocation, and KBR Australia's allocation reflects its proportional share of the corporate overhead cost pool under this approach. The internal carbon cost allocation is primarily applied for cost allocation purposes across the organisation. It is not currently used as a direct input to investment or capital expenditure decisions at the KBR Australia level.

Although delivered through an overhead recovery mechanism, KBR Global's REC allocation operates as an effective internal carbon cost for Scope 2 electricity consumption by assigning a financial cost to electricity use and encouraging reductions in energy consumption and associated costs, with future refinement planned as data quality continues to improve. Selected carbon offset costs associated with Scope 1 emissions are managed through KBR Global corporate overhead and are not allocated to KBR Australia through the same electricity-based internal carbon cost methodology. KBR Australia expects to refine the methodology and reporting of internal carbon cost allocation in future reporting periods as measurement capabilities mature.

4.1.4 Remuneration

KBR Global's executive remuneration arrangements incorporate climate-related considerations through the annual short-term incentive (STI) plan that is established at KBR Global and applied to eligible executives in the organisation. Under this arrangement, KBR Global's Compensation Committee sets the STI scorecard and approves the climate-related performance measures in coordination with the Chief Executive Officer and the Corporate Sustainability Officer. KBR Australia participates in this framework through the flow-down of the approved STI measures, performance assessment approach and oversight processes.

Climate-related measures represent approximately 3.33% of the STI target outcome for executive management. Performance against the climate-related measures is assessed using predefined threshold, target and maximum levels (25%, 100% and 200%), with linear interpolation applied for results between levels. Performance outcomes are subject to review and certification under the parent governance process before STI outcomes are finalised and recognised.

For the reporting period, performance against the climate-related measure was achieved at 200% of target level, resulting in a climate-related STI payout equal to approximately 6.66% of the total target STI payout opportunity for executive management for the period. The percentage of executive management remuneration recognised for the period that was linked to climate-related considerations, calculated by dividing the climate-related STI amount by total executive management remuneration recognised for the period, including fixed remuneration and variable remuneration recognised, was approximately 1.21%. This outcome was supported by a year-on-year increase in primary data coverage for carbon reporting, with primary electricity consumption data coverage rising from 67% of facilities in 2023 to 77% of facilities in 2024, achieving the targeted 10 percentage point increase. The 2024 data was finalised in FY2025 for inclusion in the KBR Global Sustainability and Corporate Responsibility Report published in October 2025.

4.1.5 Scopes 1 & 2 Emissions Results

KBR Australia reports Scope 1 and Scope 2 greenhouse gas emissions in accordance with the GHG Protocol, using an operational control approach consistent with KBR Global's emissions accounting procedures.

In line with the GHG Protocol, material business activities accounted for include:

- **Scope 1** – heating and combustion (stationary combustion, including natural gas and diesel), cooling (fugitive refrigerants), and vehicle fleet (mobile combustion in pool vehicles); and,
- **Scope 2** – (Location-based) purchased electricity for sites and vehicles, heating and cooling
  – (Market-based) based on renewable energy procurement mechanisms

GHG emissions across Scopes 1 and 2 are measured in tonnes of CO_2e.

Scope Emissions	2025
Scope 1	**74**
Natural gas	44
Diesel (Generator use)	2
Fugitive emissions (refrigerants)	25
Mobile Combustion (pool vehicles)	3
Scope 2 (location-based)	**554**
Scope 2 (market-based)	**0**
Overall results – Scope 1 & Scope 2	**628**

Table 4 KBR Australia's 2025 Carbon Emissions for Scopes 1 & 2.

4.2 GHG Emission Measurement Approach, Inputs & Assumptions

KBR Australia's Scope 1 emissions include direct emissions from facility heating fuels, refrigerant leakage, emergency generators where used, and company-owned or -leased vehicles used for internal corporate services where KBR Australia has operational control, while KBR Australia's Scope 2 emissions reflect purchased electricity consumed at Australian facilities.

The following are the key data and emission factor sources that KBR Australia applied for its Scopes 1 and 2 emissions calculations.

Scope	Category	Sub-Category	Data Source	Emission Factor Source
1	Direct emissions from company facilities	Refrigerant leakage	Average data	NGA (2025) national
1	Direct emissions from company facilities	Heat (self-generated)	Fuel-based data	NGA (2025) national
1	Direct emissions from company facilities	Vehicle fleet	Fuel-based data	NGA (2025) national
1	Direct emissions from company facilities	Generator use (diesel)	Fuel-based data	NGA (2025) national
2	Purchased electricity for own use	Electricity (stationary/fixed assets)	Average data	NGA (2025) state-based

Table 5 Data sources and emission factor sources.

Where site-related primary data is provided for only part of the year (for example monthly or quarterly), KBR Australia extrapolates consumption to estimate an annual value. Where a facility was not under KBR Australia's operational control for the full year, consumption is adjusted to reflect only the months of operational control. A similar approach is applied where leases cease during the year.

Primary electricity data was provided for all Australian facilities (12) considered within the scope of the 2025 calculation. Australian facilities consumed 945,134 kilowatt-hours of electricity in 2025. KBR Australia calculates Scope 2 emissions on a location-based basis using state-based grid emission factors published in the National Greenhouse Accounts Factors. KBR Global procures independently verified, geographically and temporally aligned, Renewable Energy Certificates to cover each region's electricity consumption, resulting in market-based Scope 2 emissions of zero for each area of the business. KBR Australia's location-based emissions reflect the emissions intensity of the local electricity grids supplying Australian facilities.

4.3 Methodology & Materiality

4.3.1 Organisational Boundaries

KBR Australia applies the operational control consolidation approach when determining which locations, assets and activities are included within the Scope 1 and Scope 2 inventory. Operational control is considered to apply where KBR Australia has the authority to introduce and implement its operating policies and procedures within an entity, facility or operation. This approach enables KBR Australia to account for 100% of greenhouse gas emissions from operations where operational control is established and supports a practical focus on the areas where KBR Australia can most directly influence data collection and implement emissions reduction initiatives. Operational control does not require KBR Australia to have full decision-making authority over all aspects of an operation; however, it does reflect where KBR Australia has sufficient authority to manage day-to-day operating practices and procedures.

Where KBR Australia provides services at client-controlled sites and the client's operating policies and procedures apply, those activities are considered outside KBR Australia's operational control and therefore excluded from the organisational boundary for Scope 1 and Scope 2 inventory.

The following instances, where applicable, are generally treated as outside KBR Australia's operational control and are therefore excluded from the Scope 1 and Scope 2 inventory:

- Pass-through agreements where KBR Australia is linked to a facility by lease agreement only;

- Joint venture leases where KBR Australia is not the primary occupant and where our operating policies do not apply;
- Executive suites or virtual offices where there is limited KBR Australia presence; and
- Vehicles owned or leased by KBR Australia but operationally controlled by clients are treated as Scope 3.

KBR Australia includes owned or leased vehicles used for internal corporate services, where KBR Australia has operational control, within the organisational boundary for Scope 1 and Scope 2 calculations.

In applying operational control in practice, KBR Australia generally includes emissions where KBR Australia operates as a subcontractor and purchases energy, water or waste services independently of a lead contractor, where KBR Australia purchases energy, water or waste services for assets it controls and operates on behalf of a client, or where KBR Australia subleases space and is able to obtain the relevant utility and waste records, with estimations applied if records cannot be provided. KBR Australia generally treats activities as outside operational control where KBR Australia provides services within a third party's premises and uses the energy, waste and water services provided by that third party to deliver those services.

Where KBR Australia participates in joint ventures, operational control is assessed based on governance and management arrangements. Where KBR Australia's combined interests provide a majority stake and KBR Australia has operational control, emissions are included within the organisational boundary, with an expectation that only one entity reports emissions to avoid double counting. Where ownership is equally split, operational control is assessed based on predominant board presence or whether KBR Australia is the managing partner, and KBR Australia seeks to ensure emissions are reported in a manner that supports consistent assignment and avoids duplication.

4.3.2 Operational Boundaries

KBR Australia has accounted for Scope 1 and Scope 2 greenhouse gas emissions related to business activities within the organisational boundary described in Chapter 4.3.1 and the Reporting Entity and Boundaries subparagraphs in the Basis of Preparation section before Chapter 1. Operational boundaries are set to define the emission sources included in the inventory and to ensure consistent classification of emissions by Scope for the reporting period.

KBR Australia's operational boundaries are classified as follows:

- Scope 1: Direct emissions from company facilities, including heating, cooling (refrigerant leakage) and on-site combustion (usually gas/fuel), and emissions from owned or leased vehicles used for internal corporate services where KBR Australia has operational control.
- Scope 2: Indirect emissions from purchased electricity for company facilities and for owned or leased electric vehicles where KBR Australia has operational control.

KBR Australia identifies emission sources using the operational control approach and includes relevant sources, consistent with the boundary approach outlined in Chapter 4.3.1. Where specific sources are excluded on the basis of immateriality due to limited and infrequent use, this is reflected in the way data gaps and limitations are described in Chapter 4.3.4.

4.3.3 Data Sources

KBR Australia's Scope 1 and Scope 2 emissions calculations are based on activity data collected from facilities and corporate systems, using a combination of primary and secondary data sources. Primary data includes site-specific consumption and maintenance information obtained from utility records and invoices, supplier documentation, landlord reports and internal records. Secondary data includes proxy estimates and industry-average datasets applied where site-specific data is unavailable or cannot be reliably obtained within the reporting period.

Activity data is converted to greenhouse gas emissions by applying appropriate emission factors and global warming potential values for the reporting period. The key data sources and emission factor sources applied to KBR Australia's Scope 1 and Scope 2 emissions calculations are described in Chapter 4.2.

The global warming potential (GWP) values applied in the calculations were sourced from the National Greenhouse Accounts Factors (NGAF) 2025.

4.3.4 Data Gaps

Primary data is key to a comprehensive and complete greenhouse gas emissions inventory. Where primary energy or fuel consumption data is not available for KBR Australia facilities within the organisational boundary, KBR Australia uses secondary data, including proxy estimates and other assumption-based inputs, to enable consistent reporting across the reporting period. Primary and secondary data definitions are outlined in Chapter 4.3.3.

Facility-Related Data Gaps

Some facilities cannot obtain the information required to calculate emissions using direct, site-specific inputs, particularly for heating and cooling systems. KBR Australia also experiences limitations in access to landlord-held or third-party records, which affects the completeness and consistency of facility-level reporting.

Key factors contributing to data gaps include:

- Maintenance documentation is not standardised and often does not record the data needed for emissions calculations (for example refrigerant type, leakage volumes, or top-up amounts);
- Landlords are sometimes unwilling or unable to provide supporting records, particularly for government facilities; and
- Difficulty in isolating which heating, ventilation and air conditioning units service KBR Australia's leased area where KBR Australia is not the primary tenant, which limits the ability to attribute site-specific refrigerant and energy data.

Where refrigerant-specific data cannot be obtained, KBR Australia applies an area-based estimation approach, using leased area and consistent assumptions about system characteristics and leakage rates to avoid understating emissions. KBR Australia continues to engage with landlords and facility managers to improve access to primary data and reduce reliance on estimates over time.

KBR Australia uses a centralised internal environmental data collection and facility data management platform. This system enables facility managers to enter energy consumption and fuel use data directly, supporting improved data completeness and consistency over time.

4.4 Climate-related Targets

KBR Australia explicitly follows the science-based net-zero climate targets, validated by the SBTi, which apply across all KBR Global businesses. These targets include near-term and long-term emissions-reduction goals covering global Scopes 1, 2 and 3 emissions.

While these ultimate targets are the same across the organisation, KBR Australia's roadmap is necessarily tailored to local factors such as faster grid decarbonisation, differing electricity emissions factors per state, and variations in building performance, and landlord-controlled leases, for example. Reduction plans and initiatives are therefore unique to each state, region and even facility. Despite variations in pathways, each of Australia's annual reduction totals contribute to KBR Global's worldwide SBTi-aligned near-term and long-term targets.

KBR Australia's net-zero pathway is based on the SBTi Absolute Contraction Approach (ACA). As a service-based organisation outside high-emitting sectors, sector-specific decarbonisation modelling was not required.

For FY2025, KBR Australia's climate-related disclosures include Scope 1 and Scope 2 emissions only. KBR Australia has applied available transitional relief provisions for Scope 3 emissions disclosures (refer to the Transition Reliefs section in the Basis of Preparation chapter).

We have set both near-term and long-term targets. Near-term science-based targets, as defined by the SBTi, are 5-10 year emissions-reduction targets aligned to 1.5°C pathways. Long-term science-based targets are deep emissions

cuts required to reach net-zero by 2050 or earlier. Together these targets have been developed to suit the nature and size of our business and realistically guide the organisation to transition to net-zero.

KBR Global and KBR Australia have set the following net-zero targets:

Near-term net-zero targets for Scope 1 and Scope 2 GHG emissions

- Scope 1 – KBR Global and KBR Australia commit to reduce absolute Scope 1 GHG emissions 90% by 2034 from a 2023 base year. KBR Australia's 2023 baseline Scope 1 emissions were 63 tCO2e.
- Scope 2 – KBR Global and KBR Australia commit to continue active annual sourcing of 100% renewable electricity through 2030. KBR Australia's 2023 baseline location-based Scope 2 emissions were 1,016 tCO2e and market-based Scope 2 emissions were 0 tCO2e.

Net-Zero targets for Scope 1 and Scope 2 GHG emissions

- KBR Global and KBR Australia commit to reach net-zero greenhouse gas emissions across the value chain by 2050.
- KBR Global and KBR Australia commit to maintain a minimum of 90% absolute Scope 1 GHG emissions reductions from 2030 through 2050 from a 2023 base year.
- KBR Global and KBR Australia also commit to continue active annual sourcing of 100% renewable electricity through 2050.

These targets do not rely on the use of carbon credits or avoided emissions to achieve KBR Australia's net zero ambition. The near-term and long-term Scope 1 and Scope 2 reduction targets are aligned to a decarbonisation pathway consistent with limiting global temperature increase to 1.5°C above pre-industrial levels and reflect the minimum absolute emissions reductions required under the Science Based Targets initiative 1.5°C pathways. No long-term emissions intensity targets have been set for Scope 1 and Scope 2.

KBR Australia will review and, where required, recalculate and revalidate these net-zero targets in line with the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard at least every five years. In accordance with KBR Global's target governance framework, emissions recalculations will be triggered where significant changes occur that could materially affect the relevance or consistency of the existing targets, including where emissions change by more than 5% as per our internal carbon reporting policy.

The near-term and net-zero targets described above are established at the KBR Global level and apply to all operations worldwide, including KBR Australia. KBR Australia's emissions are included in the global baseline and progress tracking.

The emissions targets cover all greenhouse gases included in the GHG Protocol. All targets are gross targets.

This is KBR Australia's first reporting period under AASB S2. Comparative target performance data is not provided in this report (refer to the Transition Reliefs section in the Basis of Preparation chapter).

4.4.1 Carbon Reduction Efforts

KBR Australia is progressing carbon reduction through several active initiatives. On governance, the rollout of the Greenstone/Cority global environmental monitoring system supports centralised management and reporting of emissions across Scopes 1, 2, and 3. On energy, KBR Global purchases RECs for all global energy consumption, which results in market-based Scope 2 emissions of zero. At the facility level, KBR Australia is pursuing green energy sourcing across its facilities, including on-site renewable generation opportunities, green electricity tariffs and RECs, as well as engaging building managers and landlords across all its 12 facilities to understand alignment opportunities with KBR Australia's net zero targets. These opportunities include planned Heating, Ventilation and Air Conditioning (HVAC) efficiency improvements, reduced refrigerant leakage rates, investigating the electrification of remaining buildings currently heated by natural gas, and investigating corporate vehicle lease contracts for switching to electric vehicles. The timeframes for these initiatives are scheduled to commence in the second quarter of 2026.

KBR Australia's future decarbonisation efforts will focus on strengthening our environmental data management processes and systems, enhancing access to primary activity-level data by reducing reliance on estimates and improving availability of KBR Australia-specific data sources, increasing data collection frequency towards near-real-time reporting, strengthening coordination with real estate managers and building owners/landlords to ensure consistent and timely energy, fuel, and leakage/fugitive data, exploring green tariffs and direct renewable energy options, engaging building landlords on energy-efficiency upgrades aligned with their own net-zero targets, and providing training for KBR Australia employees and suppliers on key emission drivers like fuel use, energy consumption, and space utilisation to support behaviour change and improved reporting practices.

Directors' Declaration

In the opinion of the directors of KBR Holdings Pty Ltd and its controlled entities, reasonable steps have been taken to ensure the substantive provisions of the sustainability report, including:

- the climate statements and notes; and
- statements and notes required as at 30 April 2026 by legislative instrument,

for the consolidated entity set out in this Sustainability Report, are in accordance with the Corporations Act 2001 (Cth), including section 296C and section 296D, and are in compliance with the Australian Sustainability Reporting Standards (being AASB S2 Climate-related Disclosures).

Signed in accordance with resolutions of the directors:

Dated at Sydney on the 30th day of April 2026

Gregory Conlon

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Director signature

ABOUT KBR, INC.

Delivering Solutions, Changing the World®

We deliver science, technology and engineering solutions to governments and companies around the world. KBR employs approximately 36,000 people worldwide with customers in more than 85 countries and operations in over 28 countries.

KBR is proud to work with its customers across the globe to provide technology, value-added services, and long-term operations and maintenance services to ensure consistent delivery with predictable results. At KBR, We Deliver.

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Independent Auditor's Review Report

To the shareholders of KBR Holdings Pty Ltd

Report on specified Sustainability Disclosures of KBR Holdings Pty Ltd presented in the Sustainability Report titled "Sustainability Report" prepared in accordance with the Corporations Act 2001

Review Conclusion on specified Sustainability Disclosures as required under the Corporations Act 2001

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of KBR Holdings Pty Ltd titled "Sustainability Report" for the year ended 31 December 2025 in accordance with Australian Standards on Sustainability Assurance (ASSA) 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB).

specified Sustainability Disclosures	***Reporting requirement of Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D) (the Criteria)***	***Locations in Sustainability Report***
Governance disclosures	*Paragraph 6*	*Section 1 "Governance", pages 7-8.*
Strategy (risk and opportunities) disclosures	*Subparagraphs 9(a), 10(a) and 10(b)*	*Section 2 "Strategy", subsection 2.1 "Climate-related impacts on Business Strategy", pages 9-11.*
Scope 1 greenhouse gas emissions	*Subparagraphs 29(a)(i)(1) to (2) and 29 (a)(ii) to (v)*	*Section 4 "Metrics and Targets" subsection 4.1.5 "Scope 1 & 2 Emissions Results" Table 4 "KBR Australia's 2025 Carbon Emissions for Scopes 1 & 2", including the emissions calculation methodology described in sub-subsection 4.2 "GHG Emission Measurement Approach, Inputs & Assumptions" on pages 23-24.*
Scope 2 greenhouse gas emissions		

The requirements of AASB S2 identified in the table above form the Criteria relevant to the specified Sustainability Disclosures subject to review and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the Corporations Act 2001.

Basis for Conclusion

Basis for Conclusion

Our review has been conducted in accordance with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures subject to review are free from material misstatement.

In applying the relevant Criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the "Summary of the Work Performed" section of our report.

Our responsibilities under ASSA 5000 are further described in the "Our responsibilities" section of our report.

We comply with the independence and other ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited related to sustainability assurance engagements.

Our firm applies Auditing Standard ASQM1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, issued by the AUASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

The Directors of KBR Holdings Pty Ltd are responsible for the other information. The other information comprises the financial and non-financial information included in KBR Holdings Pty Ltd's Financial Report and Sustainability Report for the year ended 31 December 2025, but does not include the specified Sustainability Disclosures and our review report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of conclusion and opinion thereon, with the exception of the Financial Report and our audit report thereon.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The Directors of KBR Holdings Pty Ltd are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining a system of internal control that it determines is necessary to enable the preparation of specified Sustainability Disclosures in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or material misstatement in the specified Sustainability Disclosures may occur and not be detected. Non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

For climate risks and opportunities, there is inherent uncertainty as a result of using assumptions about future events and management's actions that may not occur.

Greenhouse gas quantification is subject to inherent uncertainty due to the nature of the information and the uncertainties inherent in: (i) the methods used for determining or estimating the appropriate amounts, (ii) information used to determine emission factors and (iii) the values needed to combine emissions of different gases.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of our review in accordance with ASSA 5000, we exercise professional judgment and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal controls relevant to the engagement, to identify and assess the risks of material misstatement, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control; and
- Design and perform procedures responsive to the assessed risks of material misstatement at the disclosure level.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Enquired with management to understand the governance structure and reporting process;
- Enquired with management to understand the process for developing the climate governance, strategy and metrics disclosures;
- Obtained an understanding of relevant processes, information flow and related systems for key data sets;
- Reviewed internal documentation including policies, charters, minutes of meetings, risk management frameworks and basis of preparation documents;
- Reviewed KBR Holdings Pty Ltd's process undertaken to identify climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;
- Assessed the suitability and application of the Criteria in respect of the specified Sustainability Disclosures;
- For Scope 1 and 2 greenhouse gas emissions, tested underlying data to source documentation on a sample basis; and
- Reconciled specified Sustainability Disclosures to underlying information.

KPMG

Darren Ball

Partner

Adelaide

30 April 2026