



DATE

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## An introduction to KBR

KBR is more than a global company - we are responsible corporate citizens and neighbours in communities around the world.

We believe it is our obligation to add value to these communities beyond the professional services we provide. We understand the importance of taxes in the context of the communities in which we operate and we take a responsible approach to the management of our tax obligations. It is our practice to conduct our business in an honest and ethical manner.

The group's business is founded on our ability to act as a global provider of differentiated professional services and technologies.

The UK represents one of our main places of business, with trading activities split between two business segments:

**Mission Technology solutions** provides technology-enabled solutions in defence, nuclear, space and critical national infrastructure sectors. From crime scene forensics to alternative energy and fuels - we integrate technology design solutions and act as trusted advisors to help our customers meet their needs. Crucially we are a key partner to the UK government and support strategic long-term programmes including army basing and operations, nuclear decommissioning, military flight training and overseas contingency support.

**Sustainable Technology Solutions** provides licensed process technologies, differentiated advisory services, deep technical domain expertise, energy transition solutions, high-end design capabilities, and smart solutions to optimise planned and operating assets. The segment's activities broadly fall within the following four categories:

- Integrated Solutions
- Technology-led Industrial Solutions
- Technology; and
- Energy Security

Our UK operations also include ***the support, governance and oversight of KBR's operations throughout Europe, Middle East, Africa and parts of Asia.***

For more details about our business and operations throughout the world, please visit our website, [www.kbr.com](http://www.kbr.com)



## Our approach to UK tax

The aims and approaches used by our UK business in managing tax is in line with the global approach KBR applies in managing tax throughout the group. Our tax function consists of appropriately qualified specialists based in our main operating hubs – including the UK. KBR's UK business has therefore adopted the following principles which it applies in its operations:

### Tax risk assessment and tax risk appetite

The foundations of our tax strategy are based on tax risk. We assess tax risk using our internal tax team members across the KBR group and agree with the business on a case-by-case basis how to complete our projects within our tax risk appetite. Our definitions of tax risk and our tax risk appetite are agreed annually as part of the annual review and update of this document.

- For KBR, we define tax risk as a tax position that has the potential to create an under or over statement of our reported tax positions.
- We have a risk averse appetite for tax risk, which in practice means implementing controls to identify all material tax risks to the business and mitigate these where possible.

### Tax risk management and governance arrangements

Our aim is to put in place governance processes that identify areas where tax risk may arise and to allow our tax teams to work with our businesses to resolve any potential areas of uncertainty. This enables us to make the following statements with regards to tax risk management:

- We aim to support our clients through contracts which have a low risk profile and predictable cash flows. This extends to both the commercial operation of the contracts and their tax implications.
- We seek to comply with tax law and established practices in all the territories in which we operate, inclusive of filing tax returns on time and ensuring positions taken on tax returns are adequately supported.
- Compliance for us means paying the right amount of tax in the right place at the right time. It involves disclosing all relevant facts and circumstances to the tax authorities, claiming reliefs and incentives where available and operating in line with the commitments of this strategy.
- Our internal team of tax specialists will provide expert support and guidance in relation to tax matters where possible.
- Where matters are outside the expertise of the internal tax team or there is uncertainty over the tax treatment of our business activities, outside assistance shall be sought by reputable, specialist tax advisors to ensure compliance with the local legislation.
- Tax compliance forms part of our internal audit and Sarbanes Oxley internal controls which are habitually performed.

### Attitude towards tax planning

Our business model is highly dynamic and requires the movement of our people onto projects in different locations for periods of time. In some cases, this can lead to the creation of a taxable presence in a territory for a short period of time. The underlying aim for our tax planning activities is to ensure that we are only taxed once on the revenues that we generate, and that tax is paid in the locations that are most closely aligned with where the economic value is generated. As an innovative and evolving business, we also qualify for a number of government incentives – such as the UK government's Research & Development tax credits. Any claims we make under these incentive schemes are fully supported and prudently applied with clearance and agreement from tax authorities where appropriate.



This allows us to make the following statements with respect to tax planning:

- All tax positions and treatments are evaluated to ensure that they are compliant with the law. This is always a key focus for KBR, particularly given the importance this plays with government contracts which require KBR to confirm that they are compliant with the law. Failure to do so would result in a loss of contracts and reputational damage.
- We do not endorse or pursue any unlawful tax positions in any of our business operations.
- We practice tax efficiency to support the commercial and economic activities with the aim of aligning ourselves to pay the right amount of tax in the right territories, at the right time.
- Our legal entity structure is a result of the commercial operations of the business. To the extent that entities are incorporated or tax residency is established in low tax jurisdictions, this is a result of commercial activity and substance in that territory.

### **Approach to dealing with HMRC**

KBR is committed to acting professionally, fairly and with integrity in all our business dealings and relationships – including those with tax authorities. Specifically:

- It is important to us to maintain our responsible tax compliant reputation in order to position ourselves as responsible, reliable and professional service providers to governments worldwide.
- We are committed to being open and transparent when communicating with all tax authorities, including HMRC.
- To the best of our knowledge, we provide all relevant information that is necessary for the review of our tax calculations by tax authorities. In the UK, we aim to maintain a collaborative relationship with HMRC via our Customer Relationship Manager.
- To the extent that a difference in interpretation of tax rules arises, we will work collaboratively with tax authorities in order to achieve early agreement on the issues in question.
- KBR's tax personnel monitor legislative developments as part of their work in order to manage any tax risks and challenges that may impact our business. Where appropriate, we may share our views on proposed legislative changes to help HMRC identify and mitigate any unintended consequences of new tax laws and practices.

### **Application of this document**

This UK tax strategy applies to all UK group companies and entities overseen by KBR's European tax function – with the principles that underpin it also applying across the wider KBR Group.

It has been approved by Andrew Goodwin as the Senior Accounting Officer of KBR's UK businesses, in accordance with paragraph 22 of Schedule 19 to the Finance Act 2016, as well as KBR's Group VP of Tax. It applies from the date of publication until it is superseded. The document relates to the financial year 2025.