

KBR : UK Tax Strategy document

Our approach to UK tax

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.

The group is a global provider of differentiated professional services and technologies across the asset and program lifecycle within the Government Services and Hydrocarbons sectors.

Our UK activities consist of three business segments:

- Government Solutions, serving government customers globally, including capabilities that cover the full lifecycle of defence, space, aviation and other government programs and missions from research and development, through systems engineering, test and evaluation, program management, to operations, maintenance and field logistics.
- Technology Solutions, including proprietary technology focused on the monetisation of hydrocarbons (especially natural gas and natural gas liquids) in ethylene and petrochemicals; ammonia, nitric acid and fertilizers, oil refining and gasification.
- Energy Solutions, including onshore oil and gas; LNG (liquefaction and regasification) / GTL; oil refining, petrochemicals, chemicals, fertilizers, differentiated EPC, maintenance services (Brown & Root Industrial Services); offshore oil and gas (shallow water, deep water, subsea) floating solutions (FPU, FPSO, FLNG, & FSRU) program management and consulting services.

We operate under the following principles:

a. Approach to tax risk management and governance arrangements

- We comply with tax law and practice in all of the territories in which we operate, including the UK which is one of our main places of business. Compliance for us means paying the right amount of tax in the right place at the right time, 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, outside assistance shall be sought by reputable tax advisors in order to ensure compliance with the local legislation.
- Tax compliance forms part of our internal audit and Sarbanes Oxley internal controls which are habitually performed.

b. Level of tax risk accepted

- We will consider and may respond to, applicable tax incentives and exemptions.
- We aim to execute our portfolio 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.
- It is important to us to maintain our responsible tax compliant reputation in order to position ourselves as responsible and reliable professional service providers to governments worldwide.

c. Attitude towards tax planning

- We shall only engage in tax planning that is aligned with commercial and economic activity and must have been evaluated to ensure that it meets the law.

d. Approach to dealing with HMRC

- We shall be open and transparent with tax authorities.
- We shall provide all relevant information that is necessary for the review of any possible tax risks by tax authorities. In the UK, we have a collaborative relationship with HMRC, maintaining contact with our customer relationship manager.
- We shall work collaboratively with the relevant tax authorities in order to achieve early agreement on any disputed issues, wherever possible.
- KBR is closely monitoring legislative developments, including those relating to Brexit, in order to manage any tax risks and challenges which arise as a result of the impact on our business, with a view to ensuring we remain fully compliant with all tax laws going forward.

This UK tax strategy applies to all UK group companies and has been approved by the relevant Directors, in accordance with paragraph 22 of Schedule 19 to the Finance Act 2016. It applies from the date of publication until it is superseded.

Source of group activities description:

<https://investors.kbr.com/home/default.aspx>