



## Modern Slavery Statement

### 1. Reporting entity

This is a modern slavery statement of Kellogg Brown and Root Pty Ltd (**KBRPL**) (ABN 91 007 660 317), a reporting entity pursuant to the *Modern Slavery Act 2018* (Cth). This statement is for the year ending 31 December 2020.

### 2. The structure, operations and supply chains of the reporting entity

#### Corporate Structure

KBRPL is a wholly owned subsidiary of KBR Inc (NYSE: KBR), a Delaware corporation. KBR Inc provides differentiated solutions across a range of market sectors including government, defence, energy, aerospace and infrastructure. KBR Inc. employees approximately 37,000 people across 40 countries.

KBRPL has approximately 1200 employs across Australia with office presences in Brisbane, Sydney, Canberra, Melbourne, Adelaide and Perth.

The diagram at Figure 1 provides an overview of the KBRPL corporate structure.



Figure 1: KBR PL Corporate structure



### **KBRPL Operations**

KBRPL operates predominately in the government, defence, aerospace and infrastructure sectors in Australia with a small advisory presence in the energy sector focusing on energy transformation, renewable energy and green-energy solutions. Our operations are focused on delivery of differentiated professional solutions and services covering domains such as engineering, project and program management, business / commercial support, engineering design, training design and delivery and Integrated Logistical Support (ILS).

KBRPL delivers our core offerings predominately to the Commonwealth of Australia (Department of Defence), State Governments (and State Government entities such as water utility providers), local government and infrastructure constructors/managing contractors.

### **Supply Chain Operations**

KBRPL's supply chain comprises approximately 1500 active suppliers providing various services to KBRPL. The companies within our Supply Chain range in size from large multi-national/international companies to small-medium and micro businesses. The KBRPL supply chain includes several indigenous suppliers. The types of services procured by KBRPL can be broadly categorised into three categories:

- Project / Program Subcontractors and Subconsultants – these are organisations providing services to KBRPL in direct support of a project or program of work being executed by KBRPL to a client or end-client. Typically, services are delivered under back-to-back (or broadly back-to-back) contracting arrangements. In respect of our services delivered to Defence these include provisions for compliance with national security and confidentiality obligations.
- Internal Services – these are organisations providing services to KBRPL as part of our corporate activities. Typically, services include training, corporate development activities (bids and proposals) and internal compliance advice
- General Corporate Procurement – these are organisations providing general corporate procurements to KBRPL. Typically, services include office consumables, cleaning, real estate, travel and corporate memberships.

Across the three categories above, a significant majority of the services are delivered by Australian companies in Australia with expenditure for Project / Program Subcontractors and Subconsultants representing 90% of supply chain expenditure. The nature of the professional services results in the 'supplies' being direct with no or little indirect content (a report produced by a design engineer would be direct, the paper used to print the report would be indirect per the guidance notes). There are services related to elements such as travel which may contain an overseas component and would comprise foreign content.



3. The risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls

KBRPL's risk of engaging in modern slavery practices or inadvertently procuring services from a supplier who has engaged in modern slavery are considered to be low. KBRPL's operations do not appear to trigger any of the high-risk areas or indicators for modern slavery. This assessment is based on the below risk analysis:

- **Entity and Corporate Governance:** a primary mechanism minimising the risk of modern slavery in KBRPL is our corporate Code of Business Conduct (COBC), Global Human Rights policy, strong anti-corruption and business ethics governance framework. All employees are required to certify on an annual basis their compliance with the COBC. The COBC is enforced by the CEO and KBR Inc Board of Directors and is governed by a Chief Compliance Officer with global responsibility for corporate compliance and business ethics.
- **Corporate and Business Operations:** KBRPL provides services and does not deliver products. Our services are predominately delivered by degree qualified professionals. In addition, given our client or end-clients comprise both Commonwealth and State government departments or authorities the additional audit and oversight obligations (including national security obligations) further prevent modern slavery practices or behaviours.
- **Employee Relations:** KBRPL's workforce is predominately professionals (engineers, project managers, commercial/procurement professionals, etc). KBRPL's employment agreements are routinely assessed against National Employment Standards and industry best practice. KBRPL does not substantially operate under the awards system relying on common law contracts given the majority of KBR employees are degree qualified and members of relevant professional organisations. Our standard employment agreements meet the current Australian standards and are consistent with industry and market practice here in Australia. The type and complexity of the services we offer to our clients prevent the use of unskilled labour or foreign labour.
- **Industry and Geography:** The industry sectors that we operate within Australia are not generally considered to be susceptible to the use of vulnerable labour categories or persons. In the Defence sector the standards set to meet qualification levels, experience and national security requirements prevents the use of at risk labour. As most of our services are delivered in Australia by persons authorised to work in Australia for government clients, the geographic risks associated with modern slavery are considered to be extremely remote for KBRPL.

4. The actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including diligence and remediation processes

KBRPL requires all employees (and direct contractors) to certify their compliance with the KBR Code of Business Conduct (COBC). This is a condition of employment. This annual certification encompasses employee's adherence to, among other things, avoidance or behaviours or practices that breach the COBC.



In addition to our employees, KBRPL routinely assesses our supply chain against our Code of Business Conduct which includes corporate obligations on our suppliers around ethics, human rights, black market economy, bribery and corruption and human trafficking. As a global business we are very sensitive to the external factors which impact our commercial and corporate operations. As such, at registration, all suppliers are required to complete a declaration confirming their conformance with our Supplier Code of Conduct.

The following are examples of the requirements KBR imposes of suppliers in support of its obligations with respect to modern slavery. These extracts are taken from the KBRPL Supplier Code of Conduct and KBRPL template Subcontractor Terms & Conditions respectively:

#### **CHILD LABOR / TRAFFICKING IN PERSONS**

KBR has a zero tolerance policy towards child labor, forced labor and trafficking in persons. KBR will not tolerate any kind of forced labor or forced prison labor, child labor, slave labor or any kind of human trafficking. Supplier shall not engage in the recruitment, transportation, transfer, harboring or receipt of persons by means of threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power, or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person.

#### **24. Modern Slavery**

24.1 The Subconsultant warrants and agrees that:

- (a) it is aware of all applicable obligations (if any) of the Subconsultant under Applicable Modern Slavery Laws;
- (b) it has complied, and will comply at all times, with Applicable Modern Slavery Laws;
- (c) it has taken, and will continue to take, all reasonable and necessary steps to identify, investigate and eliminate Modern Slavery in its operations and supply chains to ensure that no such Modern Slavery exists; and
- (d) it will, promptly upon request and at no cost to KBR, provide all information reasonably requested by KBR regarding the Subconsultant's operations and supply chains to enable KBR to comply with its own obligations, including as to reporting, under Applicable Modern Slavery Laws.

24.2 **Applicable Modern Slavery Laws** means any modern slavery law or regulation applicable to the Subconsultant, KBR or the Contract, including the *Modern Slavery Act 2018* (Cth) and the *Modern Slavery Act 2018* (NSW).

24.3 **Modern Slavery** has the meaning stated in Applicable Modern Slavery Laws.

## 5. How the reporting entity assesses the effectiveness of such actions

As stated, KBRPL is a wholly-owned subsidiary of KBR Inc (**KBR**). KBR globally takes a risk-based approach to assessing human rights vulnerabilities in its supply chain. Certain subcontractors and lower tier subcontractors in high risk countries are the focus of enhanced due diligence efforts to mitigate risks regarding human rights abuses.

The treatment of foreign, low-skilled employees working for KBR subcontractors in host countries is an area of concern for KBR and is addressed through its Trafficking in Persons (**TIPS**) and Modern Slavery Act (**MSA**) program.



## Our Actions

- KBR acknowledges its corporate responsibility to respect human rights as delineated in the United Nations Guiding Principles on Business and Human Rights and in its Global Human Rights policy. KBR has adopted Human Rights as a Corporate Pillar in its sustainability platform. KBR further recognises that modern slavery is a heinous crime that affects communities and individuals across the globe.
- KBR has existing policies and procedures in relation to Human Rights that include acknowledgement of the principles contained in the United Nations Universal Declaration of Human Rights.
- KBR's Code of Business Conduct ("COBC") and Global Human Rights policy recognizes promoting human rights as its corporate responsibility and expects all of its employees to adhere to the COBC. All employees are required to complete annual Ethics training, which also includes training regarding human trafficking. Additionally, a large portion of the workforce is also required to complete separate TIPS training as mandated by the US. Government for defense contractors.
- KBR has established an Ethics Hotline, where employees and others can report COBC violations or human rights violations. KBR engages a third-party vendor to manage the Ethics Hotline, which provides additional assurances that reporters can maintain their anonymity when reporting suspected COBC violations.
- KBR's Legal Department (COBC) promptly and thoroughly investigates any report that may include indications of human rights abuses and contacts the appropriate authorities when appropriate.
- KBR's Supplier Code of Conduct affirms that KBR has zero tolerance for child or forced labour and trafficking in persons and requires suppliers to adhere to these principles.
- KBR conducts TIPS/MSA audits/inspections of subcontractors that include interviews and surveys of subcontractor employees, housing inspections, and prevailing wage reviews.
- KBR conducts restricted party screening on subcontractors and vendors to ensure KBR is doing business with entities that are not flagged for designated human rights abuses or other watch-lists/sanctions.
- KBR conducts additional due diligence on certain business partners that include reviewing any derogatory information concerning human rights abuses.



6. Describe the process of consultation with any entities the reporting entity owns or controls

KBRPL consulted its wholly owned subsidiaries and entities through each of KBRPL's major business units, Government Solutions, Infrastructure Solutions and Technology Solutions.

7. Any other information that the reporting entity, or the entity giving the statement, considers relevant.

**Our Commitment (2020-2021)**

As part of its global response to modern-slavery concerns, KBR is undertaking further steps to improve our oversight of our supply chains and subcontractors in order to avoid workers being abused or exploited and reassess risks. KBR is:

- Implementing a strategic plan for conducting subcontractor TIPS/MSA inspections that include checks of housing, passports, and treatment of their employees through random interviews without subcontract management present. As part of these interviews, employees are asked a series of questions specific to the recruiting process in order to determine if any potential TIPS/MSA violations have occurred.
- a continually reviewing and, where necessary, updating our processes and policies governing modern slavery and people trafficking;
- continually reviewing and, where necessary, updating our processes for appointing potential supply chain providers;
- conducting further internal reviews to ensure that our systems contain appropriate processes to protect lesser skilled workers engaged in overseas locations;
- providing ongoing training to all employees and certain key suppliers about modern slavery and trafficking in people, and referring them to our ethics hotline to report any concerns;
- identify other key suppliers and subcontractors for audits to be undertaken; and
- intending to develop key performance indicators to measure our progress in tackling modern slavery internally and throughout our supply chain. KBR aims to put these in to place during 2021 with key suppliers.


The restrictions on travel and movement put in place by governments across the globe due to the coronavirus (COVID-19) pandemic have impacted business operations internationally. KBR took the threat of coronavirus seriously early on, and in January 2020 KBR convened our global crisis management team to assess various scenarios and KBR's business resilience. Our primary focus continues to be the health, safety and wellbeing of our people. As a result of this focus, KBR has been able to provide continuity of service to our clients, and demand from our government clients has remained consistent with levels seen prior to the pandemic. The pandemic has hindered some of our actions, for example, conducting in-person audits of global suppliers. KBR, like many other businesses, has successfully transitioned to widespread use of online video and audio collaboration platforms, which can be used as a temporary replacement for face to face contact with clients and




our supply chain. KBR will continue to be vigilant to the risk of, and the consequences caused by, modern slavery and people trafficking.

### Approval of statement

This is the modern slavery statement of Kellogg Brown and Root Pty Ltd for year ending 31 December 2020, having been agreed by the Board of Directors on 28 June 2021 and is submitted in accordance with Section 13 of the *Modern Slavery Act 2018* (Cth).

Signed:   
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Wayne Nolan, Director

Signed:   
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Rob Hawketts, Director