

KBR Ethics Presentation
53rd Annual Transportation Conference
February 22, 2010

Overview of KBR

"Relativity applies to physics, not ethics" – Albert Einstein

- KBR - over 90 years in the Engineering and Construction Business
- 50,000 employees worldwide
- Important to have Mission, Vision, and Values clearly communicated and understood
- Ethical behavior is the medium that demonstrates our employees understand these integral parts of our business culture

Commitment to Alabama

“One man with courage makes a majority.” – Andrew Jackson

- Have been working in Alabama since the 1950's
- Over 2,300 employees in Alabama
- Strong legacy of project execution in accordance with our commitments and KBR values
- This presentation focuses on our Ethics and Code of Business Conduct - a comprehensive approach involving every employee
- This is an integral part of our success as a business

Ethics - History and Definition

"In law a man is guilty when he violates the rights of others. In ethics he is guilty if he only thinks of doing so."

- Immanuel Kant

- *Etymology – from Ancient Greek, it traces to Aristotles “Ta Ethika” (Nicomachean Ethics) and means “study of morals.”*
- *Definition: A theory or a system of moral values; or, put another way, the implementation of morals as a guiding factor in ones behavior.*
- Business ethics - the rules or standards governing the conduct of a person or the members of a profession.
- There is significant overlap between the law and ethics, but they are not the same thing.

Ethics Program – Stage 1 – Commitment

“It is curious - curious that physical courage should be so common in the world, and moral courage so rare” –

Mark Twain

- Involve all Stakeholders in the process – Director, Chief Engineer, Assistants, Division Engineers, etc.
- Explain the reasons for the necessity: ethical, legal, transparency, “sunshine” legislation, penalties (civil and criminal)
- Solicit feedback from stakeholders!
- Overall goal: To get Stakeholder concurrence as to the necessity!

Ethics Program – Stage 2 – Design

“Live so that when your children think of fairness and integrity, they think of you.” – H. Jackson Brown, Jr.

- Establishment of comprehensive list of policies (Example is ALDOT Red Book and KBR Web Policies)
- Code of Business Conduct (COBC) concerns generally fall into two major categories:
 - Guide to Conduct for working with clients, suppliers, consultants, public, etc.
 - Conflicts of Interest
 - Sensitive Transactions
 - Commercial Bribery
 - Health, Safety, and Environment
 - Fraud

Ethics Program – Stage 2 – Design

“Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful.” –

Samuel Johnson

- Guide to Conduct for working with each other
 - Discrimination
 - Harassment
 - Dignity & Respect
- Establish “trip-wire” monitoring areas (legal, F&A) and trouble spots that require special attention and training (Procurement, Finance, Contracts, etc.)
- Educate Supervisors and Managers on their responsibility for reporting ethics violations
- Establish a protocol and process for reporting a suspected ethical violation

Ethics Program – Stage 2 – Design

“A man without ethics is a wild beast loosed upon this world.” – Albert Camus

- KBR Code of Business Conduct Policies

	Policy No.	Corporate Policy	Date of Last Revision
Code of Business Conduct			
Letter to All Employees			
Summary of the Code			
Index of Corporate Policies			
Regional Contacts			
Corporate Governance Guidelines			
Corporate Officers			
KBR History			
Mission, Vision and Values			
	3-0001	General Policy Regarding Laws and Business Conduct	November 10, 2006
	3-0002	Equal Employment Opportunity	November 10, 2006
	3-0003	Conflicts of Interest	November 10, 2006
	3-0004	Internal Accounting Controls, Procedures and Records	November 10, 2006
	3-0005	Sensitive Transactions	November 10, 2006
	3-0006	Commercial Bribery	November 10, 2006
	3-0007	International Business Relationships	November 10, 2006
	3-0008	Use and Public Disclosure of Material Nonpublic Information	November 10, 2006
	3-0009	Information of a Confidential or Proprietary Nature	November 10, 2006
	3-0010	Export Administration and International Economic Sanctions	November 10, 2006
	3-0011	Boycotts Outside the United States	November 10, 2006
	3-0012	Political Contributions	November 10, 2006
	3-0013	Antitrust and Competition Laws	November 10, 2006
	3-0014	Health, Safety and Environment	November 10, 2006
	3-0015	Defalcation, Misappropriation and Similar Irregularities (Fraud)	November 10, 2006
	3-0016	Harassment	November 10, 2006
	3-0017	United States Federal Government Contracting	November 10, 2006

© 2009 KBR, Inc. All rights reserved. [Privacy Policy](#) [Legal Statement](#)

Ethics Program – Stage 3 – Implementation

“There is no such thing as a minor lapse of integrity” - Tom Peters

- Formal promulgation and distribution of the COBC (electronic, printed to remote sites, posting of notices)
- Advising stakeholders of new requirements
- Remediation: Remedial editing and debugging
- Identify third-party Suppliers/Vendors that assist KBR with Ethics Program:
 - Control group
 - Peer Measurement
 - Hotlines and other complaint formats – “honest broker” role

Ethics Program – Stage 3 – Implementation

“Integrity is doing the right thing, even if nobody is watching.”

- Overview of Ethics Training Program

The screenshot shows a web browser window with the URL <http://www.mykbr.com/?open=512&objID=2169&PageID=471218&cached=true&mode=2>. The page title is "Government Compliance - Microsoft Internet Explorer". The browser's address bar shows the URL. The page content includes a navigation menu with links for HOME, MY PAGES, COMMUNITIES, ORGANIZATIONS, DOCUMENTS, and HELP. The main content area is titled "Government Compliance Training" and contains the following text:

Government Compliance Training

All KBR employees involved in the performance of work under governmental contracts are to be adequately informed and sufficiently trained in the policies and practices contained in this Code of Business Conduct and other Company policies specifically relating to government contracting. Each business unit with contracts with the United States government is responsible for ensuring that Employee training regarding these policies is conducted and that such training is properly documented.

Six mandatory topics for all G&I employees and anyone from other KBR divisions charging government jobs are offered through the Government Compliance Department regularly throughout the calendar year. KBR employees (or those individuals from other divisions working on G&I jobs) are required to attend these basic sessions as soon as possible after hire. Annually, all G&I personnel or any KBR employees working on government contracts are required to attend a refresher course to assure awareness of all current requirements. There may be other required courses depending on your functional work area.

We offer several ways to meet this training requirement. Classroom training is the recommended vehicle for individuals new to government contracting. Web training is also an option and is open to all locations worldwide. Effective January 2009, three of the mandatory sessions are available online with the rest soon to be available. (Please see the Online Training link on this page).

Additional lunch and learn sessions on current topics and courses that lead to a Masters Certificate in Government Contracting from George Washington University are also available. Please check out the 2009 Class Schedule on this page and watch for upcoming training opportunities on the KBR electronic broadcasting system (EBS).

Community Calendar

Notice

Creating default community project. To continue, click Refresh.

The page also features a "More Info" sidebar with links to "2009 Training Schedule", "Course Descriptions", "Current Training Handouts", "Mandatory Sessions", "Online Training", "What's New for 2009", and "Who Do I Contact for Training". The browser's taskbar at the bottom shows the Windows Start button, several open applications, and the system clock displaying 8:54 AM.

Ethics Program – Stage 4 – Maintenance

“Winning is nice if you don't lose your integrity in the process.” – Arnold Horshak

- Ensure that the COBC process runs smoothly
 - Annual Education, Testing, and Certification – Establish a process that educates and tests on the points stressed by the COBC which, if successfully completed, will result in a certificate of completion
 - Training Tracking ; The COBC office will need to coordinate with Human Resources and Information Technology to track training and ensure appropriate action is taken towards employees who violate the COBC
 - Forms of Monitoring and Enforcement ; Anonymous hotline, management vigilance, and internal reporting

Ethics Program – Stage 4 – Maintenance

“Calamity is the test of integrity.” – Samuel Richardson

- Fraud Detection ; audit of payments for illegal acts (Procurement, Finance)
- Records ; Keep detailed statistics regarding case types and resolutions so that management can follow progress and trends. This also allows correlation to be established, for example, incident rate and morale, project execution, etc.
- Responding to a COBC report ; Fact-gathering, investigations, damage mitigation, evidence collection, reporting and disclosure where appropriate
- Coordination with third parties ; Criminal and civil matters (state prosecutor, etc), self-disclosure, liaison with internal, third-party, and outside counsel; coordination with government agencies when necessary

Ethics Program – Stage 4 – Maintenance

“An ethical person ought to do more than he's required to do and less than he's allowed to do” –

- Michael Josephson

- KBR University - Education, Testing, and Certification

The screenshot shows the KBR University website. At the top left is the KBR logo. The top right shows the user name 'DONALD MACK TAYLOR' and the date 'Sunday, March 15, 2009', along with a 'Course Search' box and a 'GO' button. Below the search bar are navigation links: 'Home', 'My Classroom', 'Help', and 'Contact us'. The main content area is divided into several sections. On the left, there is an 'Announcement' about signing up for courses in March and April 2009, a 'Business Book Review' for 'CLICK' by George C. Fraser, and 'Contacts' for GetIT! On the right, there is a 'Welcome To KBR University' message with the KBR University logo, the slogan 'Learn. Lead. Succeed.', and a list of 'Course Offerings' including Communications, Construction, Corporate Finance, Corporate Security, Craft, Desktop Computer Skills, Engineering, Government Compliance, Health, Safety & Environment, Human Resources, Legal, Management, Leadership and Soft Skills, Procurement, Project Controls, Project Management, Quality, Real Estate, Sales & Marketing, Subcontracts, and Technology. At the bottom of the main content area is the slogan 'Anywhere. Anytime.'. The footer contains a disclaimer, a 'Click to GetIT!' button, the 'Information Technology GetIT!' logo, the copyright notice '© 2004 Kellogg Brown & Root, Inc.', and the KBR logo.

KBR

DONALD MACK TAYLOR - Sunday, March 15, 2009
Course Search **GO**

[Home](#) :: [My Classroom](#) :: [Help](#) :: [Contact us](#)

Announcement
1 : America's Regions SIGN UP TODAY!
See What Courses and Workshops are Scheduled for March and April 2009! The schedule is posted in Management, Leadership and Soft Skills College.

Business Book Review

CLICK
The Truth for Building Extraordinary Relationships
GEORGE C. FRASER

[Register Now](#) [Log In](#)

Contacts
Click to GetIT!
Information Technology GetIT!

Related Links
[KBRU Overview](#)
[Non-KBR Training Request](#)
[Requests Pending Your Approval](#)
[Quick Start Guide to SkillSoft Courses](#)

Welcome To KBR University

KBR UNIVERSITY
4th 2005

Learn. Lead. Succeed.

Course Offerings

- [Communications](#)
- [Construction](#)
- [Corporate Finance](#)
- [Corporate Security](#)
- [Craft](#)
- [Desktop Computer Skills](#)
- [Engineering](#)
- [Government Compliance](#)
- [Health, Safety & Environment](#)
- [Human Resources](#)
- [Legal](#)
- [Management, Leadership and Soft Skills](#)
- [Procurement](#)
- [Project Controls](#)
- [Project Management](#)
- [Quality](#)
- [Real Estate](#)
- [Sales & Marketing](#)
- [Subcontracts](#)
- [Technology](#)

Anywhere. Anytime.

This Web site contains business and technical information and data, trade secrets, and know-how that are highly confidential and proprietary to KBR. Any unauthorized publication or disclosure of such information to any person, or any unauthorized use of such information, without the express written consent of KBR is strictly prohibited.

Click to GetIT! **Information Technology GetIT!**

© 2004 Kellogg Brown & Root, Inc. **KBR**

Summary

“Nothing is at last sacred but the integrity of your own mind.” – Ralph Waldo Emerson

- Guide to Conduct for working with clients, suppliers, consultants, etc. and each other
- Requires executive level support and enforcement – “tone at the top.”
- Ethics add value by:
 - Helping employees make the right ethical decisions daily
 - Maintaining an ethical corporate/public image
 - Avoiding negative publicity and according loss of business
 - Protects your agency/company and its reputation
 - Reduces risk and mitigates penalties

Q&A

“There is no moral precept that does not have something inconvenient about it” – Denis Diderot

Questions / Discussion