

2022 ESG MATERIALITY ASSESSMENT REFERENCE GUIDE

In 2021, we began leveraging artificial intelligence (AI)-powered risk analysis software, Datamaran, to complement our ESG management processes, thereby harnessing innovation to power a continuous data-driven review of ESG-related risks and our regulatory, competitive, and operating contexts.

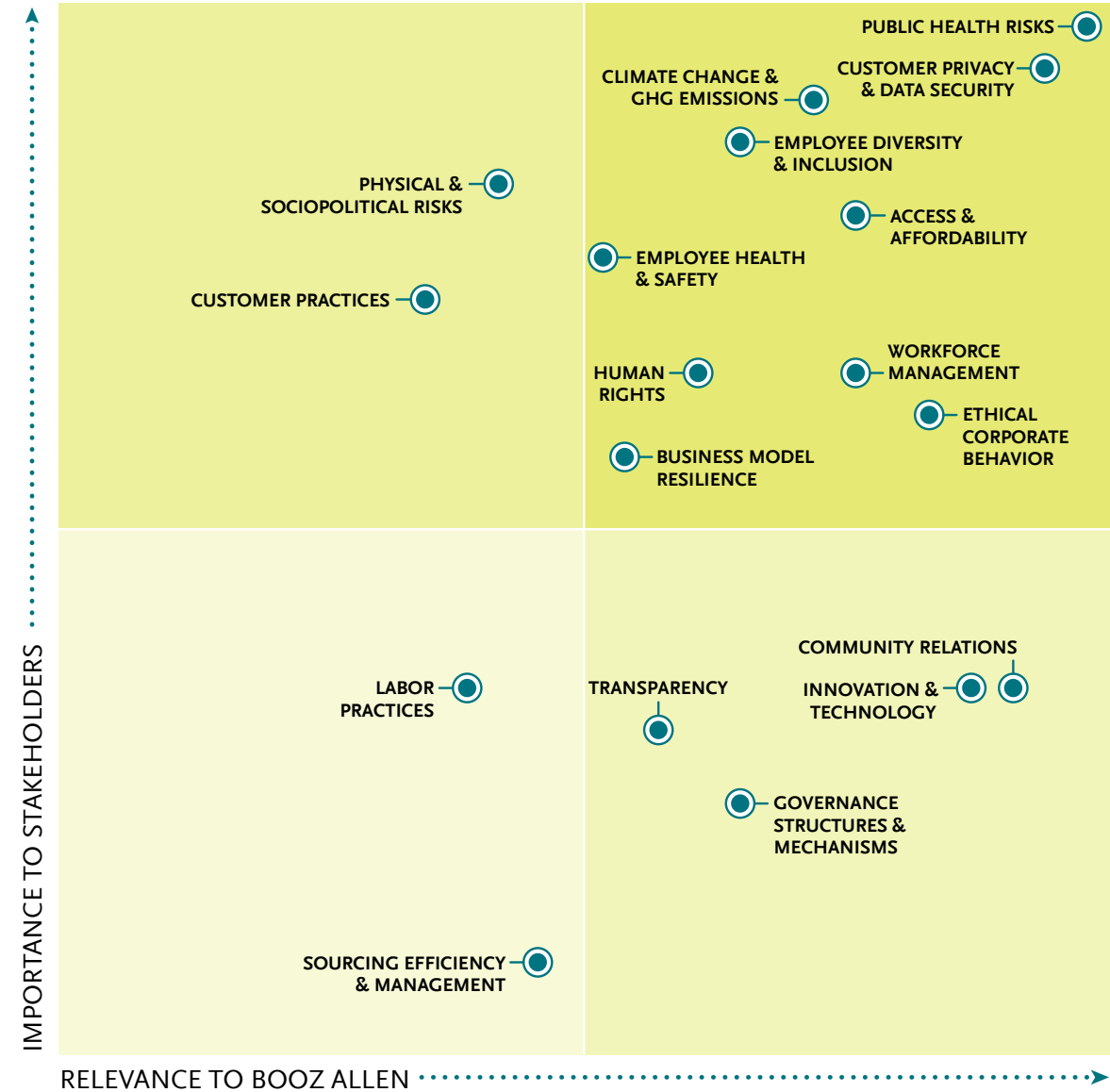
In 2022, we refreshed our materiality assessment to ensure we continue to remain focused on the ESG topics that are most relevant to our business and the priorities of our stakeholders. Material ESG topics are those that could most affect Booz Allen’s performance and ability to create long-term stakeholder value, and are relevant to Booz Allen’s most significant impacts on society, the environment, or the economy. We used Datamaran to assess and prioritize the 27 ESG topics most commonly identified as material by companies in our sector. The assessment took into consideration internal and external stakeholder priorities based on an employee survey, our past ESG disclosures, peer and sector disclosure benchmarking, regulatory and legal requirements, and media coverage.

Our materiality matrix shows a narrowed down set of assessed topics found to be at the intersection of our stakeholders’ highest priorities and where we consider ourselves to have the greatest impact. Materiality increases as one moves towards the upper right quadrant. Our 2022 materiality assessment revealed no notable changes to our material topics since our 2021 assessment, though some became slightly more or less important to our stakeholders. To help stakeholders navigate our [2022 ESG Report](#), the material ESG topics addressed in a report section are identified in its introduction.

Moving forward, in addition to using Datamaran and other business intelligence platforms to continuously monitor stakeholder priorities and ESG-related business risks, we plan to conduct robust materiality assessments on regular cycles to inform our ESG strategy and reporting.

The definitions of ESG topics as used in our materiality assessment are provided on the pages that follow.

ESG TOPIC MATERIALITY MATRIX*



*We assessed 27 ESG topics used by Datamaran and companies in our sector. This matrix shows only the topics we selected as material for ESG reporting. The placement of ESG topics against the axes reflects a point-in-time analysis. Topics may shift in relative importance and relevance with current events, stakeholder priorities, or business changes.

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ESG TOPIC	DEFINITION USED IN ASSESSMENT
Access & Affordability	The ability to ensure all individuals and population groups can access services without discrimination. This includes the management of universal needs, affordability, and accessibility.
Business Model Resilience	Ensuring business model planning identifies and manages risks and opportunities connected to social, environmental, and economic challenges. This includes how a business responds and adapts to these challenges to carry on its business, grow, and create value for stockholders and society in the long term.
Climate Change & GHG Emissions	Management of climate-related risks and opportunities from actual or potential physical and transition impacts. This also includes the direct and indirect emissions of greenhouse gases (GHGs) and emission reduction targets to limit a business' contributions to climate change.
Community Relations	Management of the relationship between a business and the communities in which it operates, including engagement mechanisms, community contributions, and positive or negative impact on local communities.
Competitive Behavior	Practices that prevent or restrict free trade or competition between commercial actors in a market, including anti-competitive behavior and protectionism. This includes protection and infringement of intellectual property rights.
Customer Practices	Management of the dynamics of client expectations that affect satisfaction, loyalty, and brand reputation, as well as the mechanisms to ensure clients are treated fairly and honestly during commercial transactions.
Customer Privacy & Data Security	Management of information technology related to protecting private information, critical information systems, and networks from security breaches.
Ecological Impacts	The contamination of natural resources due to harmful substances, excessive use or exploitation, and general corporate operational impacts that affect the protection of land, forests, and biodiversity resources.
Employee Diversity & Inclusion	Processes and mechanisms to grow and maintain diversity in the workforce and ensure equal opportunities and treatment for all employees.
Employee Health & Safety	A company's safety performance and the mechanisms that it has in place to maintain a safe and healthy workplace environment. This includes protocols, training, work arrangements, and the physical and mental working conditions to which employees are exposed.
Energy Management	Management of the environmental and social consequences associated with energy use. This includes a company's management of its energy consumption, production, diversification, recovery, and reductions.
Ethical Corporate Behavior	The moral code of conduct and guiding principles to the strategic and operational management of a business. This includes the management of risks and opportunities associated with ethical considerations, lawful behavior, and compliance practice.
Governance Structures & Mechanisms	The mechanisms, procedures, and rules concerning a company's internal control, supervision, reporting, and decision-making systems.
Human Rights	The fundamental rights and freedoms inherent to all human beings and the measures necessary to uphold these rights. This includes anticipation, prevention, and response to any form of violence, exploitation, abuse, or practices that harm a child's physical or mental development and integrity.
Innovation & Technology	The development and use of advanced technologies and digital innovations to generate new business processes and improve clients' and other stakeholders' experiences.
Labor Practices	Employment practices regarding the internal and external workforce throughout the value chain, and compliance with regulatory regimes and internationally accepted labor standards in the workplace. It includes basic labor rights, employee benefits, and fair compensation.
Management of the Legal & Regulatory Environment	A company's regulatory compliance strategy and how it engages and aligns itself with regulators to make public and corporate interests compatible. This includes corporate compliance management, lobbying & government relations, as well as responsible tax planning.
Natural Capital	The stock of capital derived from biological diversity and ecosystems as well as natural resources.

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ESG TOPIC	DEFINITION USED IN ASSESSMENT
Physical & Sociopolitical Risks	The challenges due to changes in society, politics, and people resulting from an event or general trend and from natural and human-induced disasters.
Public Health Risks	Major risks to public health, including the spread of infectious diseases and eventual pandemics, the availability of vaccinations and the anti-vaccine movement, and potentially deadly non-communicable diseases.
Responsible Consumption & Production	A company's ability to promote sustainable consumption and production patterns.
Selling Practices & Product Labeling	The requirements, standards, certifications, and established practices regarding the information presented to potential clients when advertising and selling services. It also includes the social challenges related to the failure to provide transparent, accurate, and complete information to potential clients.
Sourcing Efficiency & Management	The establishment of commitments and policies designed to trace, screen, monitor, and follow up with supplier performance against one or more ESG dimensions and the management of supply chain risks concerning supply shortages or disruptions. This also includes strategies to maintain fluid communication and support between a company and its suppliers.
Transition to Renewables & Alternative Energies	The transition from predominantly fossil-based energy consumption to renewable and alternative energy sources, including policies, goals, accounting instruments, and technologies that facilitate that transition.
Transparency	The comprehensive management of corporate communication through the systematic recording, reporting, and transmission of information and analysis of corporate developments, performance, and management.
Waste & Hazardous Materials Management	The gaseous, liquid, and solid substances used or disposed of in business operations that threaten human health or the environment. It includes the generation, treatment, recovery, recycling, and reduction measures of hazardous and non-hazardous waste and the handling, storage and application of hazardous material.
Workforce Management	The process of ensuring the workforce functions at its most productive levels and copes with organizational changes. This includes employee recruitment, retention, and development practices.

Materiality Framework

Our 2022 ESG report was prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option. The GRI defines as “material” those ESG topics that may reasonably be considered important for (1) reflecting an organization’s economic, environmental, or social impact, or (2) substantively influencing the assessments and decisions of stakeholders. Within this report, we primarily employed GRI’s concept of materiality, presenting among our material topics those aspects that have been identified through our assessment as most relevant to understanding our business’ impact and of substantial importance to our stakeholders. In some instances, we also employed a concept of materiality based on our own assessment of such relevance. Topics that may be deemed material under the GRI are not necessarily material for purposes of the U.S. federal securities laws or for other purposes. The inclusion or absence of information in this report should not be construed to represent any belief regarding the materiality, relevance, or financial impact of that information. Annual, quarterly and other reports filed with the SEC by Booz Allen Hamilton, contain important additional information about the company and readers are urged to read the 2022 ESG Materiality Assessment Reference Guide together with those filings, copies of which are available on [our website](#).