

Booz Allen Hamilton Response to the 2020 Defense Companies Index Rating

Throughout its 107-year history, Booz Allen Hamilton has prioritized the highest principles of ethics and values. Our values are far more than theoretical concepts; in fact, they guide everything we do, from how we relate to our clients to how we treat one another. This commitment to our values and ethical practices has been the foundation of our firm for more than 100 years, and it is central to our identity as the leader in our industry.

We are proud of this identity, and we are equally proud to have been named one of the World's Most Ethical Companies in 2020 by the Ethisphere Institute, a global leader in defining and advancing ethical business practices. The firm's recognition by Ethisphere, which followed a rigorous evaluation of our operations and business practices, confirmed the strength and depth of our commitment to our values and ethics.

We believe that elements of our 2020 rating by Transparency International in its Defense Companies Index on Anticorruption and Corporate Transparency reflect an incomplete assessment of Booz Allen's commitment to the highest levels of integrity in our business, particularly relating to anticorruption compliance. Certain components of the rating contribute to an inaccurate overall view of the company's programs and controls in several key respects, and we would like to provide corrections and some enhanced explanation of our current program:

Our Code of Conduct, Leadership Support, and Anticorruption-Related Policy Framework Clearly Speak to our Commitment to Anticorruption Compliance

The depth of our commitment to our ethical approach to business is clearly detailed in Booz Allen's Code of Business Ethics and Conduct, available [here](#). Also included in the code is a quote from [our President and CEO, Horacio Rozanski who sets the firm's clear expectation for our employees](#) when it comes to acting with integrity in all that they do: "(Our) Code of Conduct, setting expectations for the respect we all should have for our colleagues and our firm, is an important guide on a variety of topics, from managing teams and fostering a healthy workplace to protecting information, keeping accurate records, and avoiding conflicts of interest. It emphasizes what is expected of the firm and each of us, why it matters, and how we meet those expectations. We can each take from this resource concrete ways to live our values, and in doing so, continue to demonstrate what it means to *Be Booz Allen* today and well into the future."

Additionally, as the assessment acknowledged, Booz Allen has articulated clear and specific guidance on many important topics through explicit policies, among them our Anticorruption and Anti-Bribery Policy. Summaries of our policies are housed publicly on [this site](#) and reflect our overall commitment to ethical business practices. It's important to note that Booz Allen regularly reviews and refreshes our policies in the spirit of continuous improvement and in response to the regular risk assessments that we undertake (as correctly recognized by the assessment).

We Provide Training and Support for Employees

Booz Allen takes seriously its responsibility to support its employees with awareness and education around our obligations to behave ethically, and we ensure strong enforcement of our Code and policies. As the assessment recognized, we conduct annual training to ensure that our employees understand

their responsibilities and the important role that each one of them plays in contributing to our culture of integrity. Inexplicably, though, the rating does not account for the fact that anticorruption training, particularly, has historically been offered to *all* of our employees around the globe in Booz Allen’s *lingua franca*.

We Actively Manage Third Party Risk Created by Supplier, Partner, Customer and Other Engagements

We maintain rigorous policies and guidelines related to engagement with customers, partners and other third parties which are not fully reflected in the assessment.

As the assessment recognized, we have a strong policy requiring Anticorruption Due Diligence for certain suppliers, including agents (which can be found [here](#)). That policy helps implement the ideal articulated in our Code that “We conduct our business with integrity, win work only on the strength of our services and solutions, and require all people and organizations acting on our behalf to do the same.” Unfortunately, the assessment reflected a misunderstanding about the scope and sophistication of Booz Allen’s due diligence approach. For example, it failed to credit Booz Allen for taking an industry-standard risk-based approach to the specific review steps we take for different third parties and for including an assessment of the business rationale for third parties, including potential agents, as part of our due diligence review. Nor did the rating account for Booz Allen’s commitment to trying to ensure many other third parties, including agents we engage, agree to robust anticorruption warranties that include termination and audit rights.

The Ratings Failed to Account for Some Fundamental Aspects of How We Operate

The assessment also seems to have overlooked some fundamental aspects of Booz Allen’s business operations that should have resulted in a higher rating.

The assessment deducted a very significant eight points based on the conclusion that “there is no evidence that the company addresses the corruption risks associated with offset contracting,” but in fact Booz Allen rarely, if ever, incurs offset contracting obligations, and therefore has chosen to focus its resources in higher risk areas and not develop the type of formalized offset program that other companies who regularly incur these types of obligations may have.

Further, the assessment did not adequately reflect the robust infrastructure we have in place to facilitate our Community Impact + Philanthropy program (which includes our charitable contribution process) and specifically did not credit Booz Allen for having specific policy guidance and controls to help ensure that we do not run afoul of anticorruption law in making contributions and sponsorships.

Finally, the approach taken by Transparency International to require companies to disclose a wide range of confidential and arguably privileged data—including proprietary and valuable lists of agents we may work with and results of any investigations of our employees and our suppliers—puts Booz Allen (and many of its peer companies) in the position of choosing between, on the one hand, honoring its obligations to protect confidentiality and avoid chilling the investigation and reporting process and, on the other hand, performing well on external ratings. We continue to believe that Transparency International should revisit its expectations around these types of disclosures, even in summary form.

Conclusion

Unfortunately, the well-intentioned work done by Transparency International to conduct a fulsome analysis of Booz Allen's anticorruption program missed the mark. While we have utmost respect for Transparency International and the process it followed, we would be remiss not to point out that the assessment paints an inaccurate picture. We eagerly anticipate the next chance we have to demonstrate the strength of our program.