TETRA TECH

Materiality Analysis

Introduction

Tetra Tech routinely assesses our material environment, social, and governance (ESG) topics to focus effort on the areas of greatest impact, influence, and responsibility. We engage with internal and external stakeholders on an ongoing basis, seeking input on material issues as part of our annual strategic risk management process.

This input is evaluated with our Board of Directors through our Strategic Planning and Enterprise Risk Committee and is used as the basis for our materiality assessment and for future updates, where appropriate.

We take into account impacts across our value chain, including our supply chain (upstream) and customers and impacted communities (downstream). We consider the sustainability context and a range of external influences that impact positively and negatively on lives and livelihoods across our value chain, including climate change, geopolitical instability, water stress, social justice, and digital innovation.

We monitor evolving global sustainability regulation, guidelines, and reporting frameworks and take these into account in our assessment. In line with the latest guidance from GRI[1] , this review considers double materiality, evaluating both an outward-in perspective and an inward-out perspective.

Stakeholder Engagement

We engage with internal and external stakeholders through a range of forums throughout the year to identify global trends and track the development of stakeholder needs and expectations. The stakeholder engagement categories and frequency are summarized in Table 1.

Our internal process gathers in-depth, enterprise-wide feedback from across all levels of the business, engaging with the Board, executive management, operational leadership, functional departments, and employees.

Externally, executive management meet directly with our shareholders and our investment community to seek input and identify material topics. Our teams engage with clients, partners, and non-governmental organizations to explore how Tetra Tech's services align with funding priorities for climate change, water resilience, the global clean energy transition, biodiversity, and ecosystem protection. We also connect with suppliers across our supply chain and the communities in which we work to understand their perspective and encourage engagement.

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[1] The GRI 3 Reporting Standards published in 2021 and applicable from January 1, 2023. The new standards expand the material topic boundaries to evaluate a firm's full value chain and include the concept of double materiality—considering how ESG topics may impact the organization's financial success (outside-in) as well as how the organization impacts and creates value in the broader world (inside-out).

Table 1. Stakeholder Engagement Categories and Frequency

Stakeholders	How We Interact	Annual	Quarterly	More frequently
		Frequency		
Company leadership	Ongoing direct engagement with the Board, executive management, operational management, and functional heads			✓
Employees	Employee surveys	✓		
	Global networking and theme-based events (i.e., Tetra CONNECT, Safety Month, Healthy Life Challenge)	✓		
	Leadership Academy	✓		
	Town hall events			✓
	Training and development programs			✓
	Diversity, Equity, and Inclusion (DEI) Employee Resource Groups			✓
Shareholders and investment community	Direct engagement among executive management, shareholders, and our investment community			✓
	Publication of statutory filings, press releases, annual report, and quarterly earnings calls			✓
Clients, partners, and NGOs	Client meetings, project, and account reviews			✓
	Bid and tendering process			✓
	Research and technical seminars with industry, civic, and professional bodies			✓
	Industry networking and events			✓
Suppliers	Supplier development program	✓		
	Supplier review meetings		✓	
	Small and disadvantaged businesses through our Small Business Council			✓
	Mentor-protégé programs			✓
Communities	Community consultation and outreach programs			✓

Identifying Our Material Topics

We evaluate all external and internal input from our stakeholder engagement process to balance the perspectives and needs of the different stakeholder groups and identify the topics most material to our organization. This provides the lens through which we consider our material topics to maximize our impact and the ESG benefits for our stakeholders.

We use a double materiality approach that evaluates how ESG topics may impact both the organization's financial success (a view from the outside-in), as well as how the organization creates value in the broader world across our value chain (a view from the inside-out). This perspective recognizes that a company can both affect and be affected by ESG issues. Table 2 summarizes the results of our double materiality analysis grouped into seven key categories providing a comprehensive view of the topics most material to our business.

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Table 2. Material Themes and Topics

Key Themes	Material Topics
People and culture	• Career development • Diversity, equity, and inclusion • Health and safety • Employee well-being • Human rights and freedom of association
Social impact	• Community engagement • Social justice • Supporting democracy
Climate action and decarbonization	• Emissions reduction and net zero • Environmental management • Clean energy transition • Climate resilience and mitigation
Nature, biodiversity, and natural resource management	• Water and wastewater management • Ecosystem and biodiversity protection and restoration
Ethics, governance, and accountability	• Ethical business conduct • Board governance • Reporting and disclosures • Succession planning • Risk and financial management • Cybersecurity • Social and governance
Supply chain and responsible procurement	• Sustainable procurement and responsible sourcing • Supplier diversity
Digital innovation	• Digital enablement and optimization • Artificial intelligence • Technology transfer, training, and skills development

Aligning Materiality and Implementation

Tetra Tech addresses our material topics through a combination of values, policies, processes, and key performance indicators (KPIs). These provide an integrated framework that focuses our resources and actions, recognizes the importance of the material topics, and provides transparency to our stakeholders.

By identifying the key material themes and associated actions, we can evaluate how we affect and are affected by these economic, environmental, and social impacts across both financial and sustainability perspectives. Our approach is informed by and builds upon the insights provided through the multiple viewpoints of our stakeholder engagement process.

Table 3 identifies the associated programs, policies, and measures used to address our material topics within the business. These are primary focus areas only, and materiality is addressed widely and holistically across the company, supported by a commitment from the Board, management, and worldwide operations.

Table 3. Material Topics and Associated Policies, Programs, and Measures

Key Themes	Material Topics	1 Billion People Challenge	Sustainability Metrics	ESG Policies and Programs
People and culture	Career development		✓	✓
	Diversity, equity, and inclusion		✓	✓
	Health and safety		✓	✓
	Employee well-being			✓
	Human rights and freedom of association	✓		✓
Social impact	Community engagement		✓	✓
	Social justice	✓		
	Supporting democracy	✓		
Climate action and decarbonization	Emissions reduction and net zero	✓	✓	✓
	Environmental management		✓	✓
	Clean energy transition	✓	✓	
	Climate resilience and mitigation	✓		✓
Nature, biodiversity, and natural resource management	Water and wastewater management	✓	✓	
	Ecosystem and biodiversity protection and restoration	✓	✓	✓
Ethics, governance, and accountability	Ethical business conduct			✓
	Board governance		✓	✓
	Reporting and disclosures		✓	✓
	Succession planning			✓
	Risk and financial management			✓
	Cybersecurity		✓	✓
	Social and governance	✓		✓
Supply chain and responsible procurement	Sustainable procurement and responsible sourcing		✓	✓
	Supplier diversity		✓	✓
Digital innovation	Digital enablement and optimization		✓	
	Artificial intelligence (AI)			✓
	Technology transfer, training, and skills development	✓		✓

Measuring Our Impact

Our annual sustainability reporting closely aligns with our material themes, tracking progress on key indicators and highlighting our ESG policies and programs. The material topics are addressed through a combination of inward and outward facing metrics, policies, and programs that embed materiality in Tetra Tech's business practices and reinforce our connection to clients, shareholders, and employees.

Outside-In Metrics

Tetra Tech's most significant impact on the world is through the projects we perform on behalf of our clients. As part of our process, we have engaged with stakeholders to assess the importance of project impact and the most appropriate metrics to track them. We reviewed the United Nations Sustainable Development Goals (SDGs), widely adopted by our stakeholders as the key set of metrics for the assessment of project impact. To facilitate measurement aligned with our projects, we grouped the SDGs into 5 categories.

Safe and sustainable water supplies	Increasing renewable energy generation	Increasing biodiversity and restoring ecosystems	Reducing carbon emissions	Responsible social and governance programs
SDG 3, 6, 11	SDG 7, 9, 11, 13	SDG 13, 14, 15	SDG 12, 13	SDG 5, 11, 16

These five metrics are highly aligned with our primary project impacts and have been incorporated into our long-term and repeatable tracking program. This process was launched in 2021 as our 1 Billion People Challenge. The program tracks the impact of Tetra Tech's project work against our five categories that are linked to social benefit for the communities served.

Inside-Out Metrics

We have identified a suite of inside-out metrics that demonstrate and track our commitment and focus on high priority material topics. Alongside these, our policies and procedures provide an overarching framework to embed our commitment to the highest ethical standards and ESG principles into our business practices. Table 4 maps the key metrics used in Tetra Tech's 2023 sustainability reporting framework against our seven material themes. Periodic reviews of our ESG program and materiality analysis may result in updating of our policies, programs, and the metrics used for our inside-out annual reporting.

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Table 4. Key Reporting Metrics Aligned with Our Material Themes

Key Themes	Sustainability Reporting Metrics
People and culture	• Lost Workday Incident Rate (LWDIR) • Total Recordable Incident Rate (TRIR) • Employee engagement in health and safety outreach • Completion of health and safety training • Gender diversity • Racial and ethnic diversity • Professional development training • Annual hours of training per employee • Engagement in corporate wellness activities • Engagement in DEI activities • Employee engagement surveys • Annual employee turnover
Social impact	• Lives benefited from social and governance programs • Science, Technology, Engineering, and Mathematics (STEM) Program – community outreach • Charitable giving and in-kind donations • Volunteering and pro bono hours
Climate action and decarbonization	• Renewable energy identified, planned, or generated • CO_2e avoided or captured • GHG emissions from operations • Real estate footprint • Percentage of energy from renewables in operations • Percent of enterprise and project data stored in the cloud • Energy from renewables by company's cloud vendors
Nature, biodiversity, and natural resource management	• Water treated, saved, or reused • Land and water ecosystems protected, managed, or restored • Water usage in operations
Ethics, governance, and accountability	• Enterprise supply chain vendors vetted for cybersecurity standards • Enterprise platforms evaluated for accessibility • Board diversity • Tenure of directors • Number of whistleblower complaints
Supply chain and responsible procurement	• Use of recycled office supply products • Number of businesses engaged through Small Business Council • Percentage of vendors by spend with sustainability commitments
Digital innovation	• Employee participation in innovation programs • Employee participation in technology and skills development training