



2019 Corporate Responsibility Report

Table of Contents

Introduction

A Message from Our CEO	3
About ScottMadden	4
Stakeholder Materiality	6

Our People & Community

Community Engagement	9
Employee Well-Being and Development	11
Diversity and Inclusion	15

Our Planet

Environment and Emissions	18
---------------------------	----

Our Governance

Governance Highlights	22
Data Privacy and Cybersecurity	23
Business Ethics and Integrity	24
Our Commitment to Corporate Responsibility and Sustainability	26

Reporting Methodology



A Message from Our CEO

At the time of this letter, the world is experiencing unprecedented events with the COVID-19 pandemic and widespread denouncement of racial injustice. Among its many profound impacts, this changing landscape has challenged many organizations to examine or think critically about their operational sustainability and the equity of their workplace practices. We are no exception. Publishing our first Corporate Responsibility Report is an important step for ScottMadden as we seek to lead on Environmental, Social, and Governance (ESG) issues.

In 2019, we completed our first materiality assessment, in which we gathered input and feedback from many of our key stakeholder groups, including our employees, clients, and the schools from which we recruit. The results of this assessment have informed and will continue to inform our firm's strategy. In addition, we recently created an ESG Steering Committee made up of leaders and staff from throughout the firm. The committee provides formal governance while overseeing and driving the implementation of our ESG strategy and activities.

As this report will show, our sustainability approach can be characterized as:

- **Stakeholder-centric** — focus and impact
- **Employee-led** — part of our firm's DNA
- **Data-driven** — approach and decision-making

Our focus on sustainability began in 2004 when we added Clean Tech & Sustainability as a dedicated practice area for our consulting services. As the firm's focus matured, we began to critically examine our own sustainability initiatives and impacts. Through years of data collection, analysis, and a drive to improve, the firm has implemented numerous initiatives, ranging from carbon footprint analysis to composting and total office redesigns. In addition, spurred by our heavy travel model, we implemented an internal carbon offset program in 2017 and soon after committed to offsetting 100% of our emissions from annual operations.

However, to us, sustainability means much more than just environmental impact. It is also about our people and the quality of our relationships and is grounded in our core values of respect, trust, service, and accountability. In this report, you will see examples of our efforts to improve the lives of our employees and those surrounding them, including improved family benefits, health and wellness programs, robust learning and flexible training curricula, and active philanthropy throughout our communities.

At present, our industry and the economy are facing disruptions in a myriad of ways. Our priority is, of course, to ensure the health and welfare of our people and clients.



To that end, we are adapting our practices to provide our people the flexibility they need while simultaneously delivering the tremendous support our clients expect. Furthermore, as recent events

highlight the country's broader need for inclusivity, our company continues to move the needle on our diversity and inclusion initiatives. Ensuring inclusive, equitable, and respectful treatment for everyone is absolutely central to who we are, and it is core to our values.

We are proud of what we have accomplished to date, but there is considerable work ahead. I am impressed each day by our team's remarkable resilience and support for one another, and I look forward to sharing the progress we will continue to make for our clients, communities, and the environment.

Thank you for reading our report.

A stylized, handwritten signature in black ink, appearing to read 'BKitchens'.

Brad Kitchens
President and CEO

About ScottMadden

Smart. Focused. Done Right.® These are the words we have lived by since our founding in 1983. They serve to remind every employee of our high standards and our clients' high expectations. This results-oriented focus has earned us our clients' trust and confidence and helped expand our business beyond the energy industry to include healthcare, entertainment, higher education, manufacturing, high tech/communications, and the federal government, as well as many other industries.



Where We're Located

Our three main offices are in Atlanta, GA, Raleigh, NC, and Westborough, MA. In addition, in keeping with our commitment to providing our people flexibility, a number of our staff work remotely.



Where We Work

The majority of our clients are located throughout the U.S., Canada, and Mexico though we also have a number of international clients.

We consult in two main areas—**Energy and Corporate & Shared Services**—all led by the vision of our partners and the capabilities our consultants.



Energy

Our industry-leading clients trust us with their most important challenges. They know that we have seen and solved similar problems.

We have worked in every business unit and every department across companies in the energy utility ecosystem.



Corporate & Shared Services

Our Corporate & Shared Services practice helps clients assess and improve corporate functions.

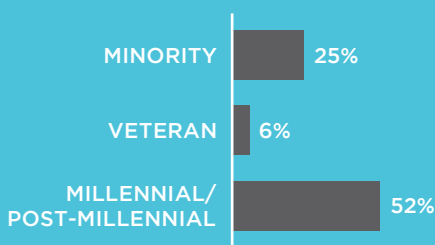
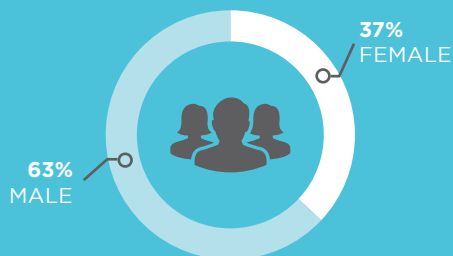
We provide guidance in a variety of industries from energy to healthcare to higher education to retail.



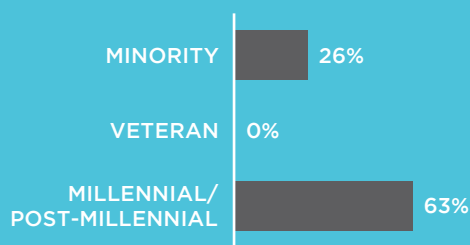
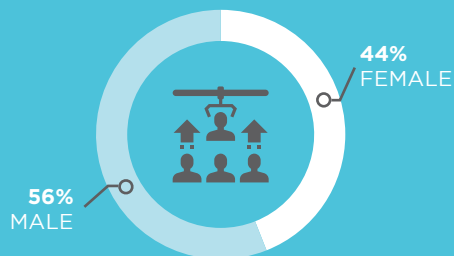
2019 at a Glance

A CULTURE THAT VALUES AND CELEBRATES OUR DIFFERENCES

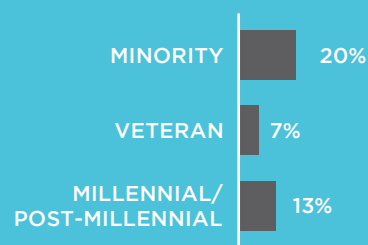
Our People



Our New Hires

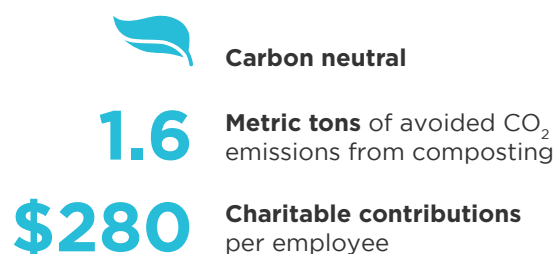


Our Leaders



“D&I is more than statistics; it’s about how we treat each other.”

Environmental Conservation and Giving Back to Our Communities



Our Culture and Workplace



We believe that a lower consultant-to-partner ratio for our project teams promotes our consultants’ learning and development with the increased exposure to our firm’s leaders. We believe our clients also benefit from this staffing model.

Data Privacy and Cybersecurity



Recognized as a Top Employer

Top Consulting Firm
(Vault, 2020)

America’s Best Management Consulting Firms
(Forbes, 2020)

Top Workplace
(The Atlanta Journal-Constitution, 2020)

Stakeholder Materiality

In preparation for ScottMadden's first Corporate Responsibility Report, we conducted a materiality assessment in 2019 to better understand what Environmental, Social, and Governance (ESG) issues matter most to our business and stakeholders.

To deploy the survey, we leveraged industry leading practices and internal survey design expertise. Participants were asked to rank 22 unique ESG indicators based on the importance to them (as individuals), as well as to ScottMadden (as employees, clients, or prospective employees).

This report focuses on six material areas, and we will look to these categories as we set performance targets moving forward. To help determine the six focus areas, we constructed and analyzed the materiality matrix below.



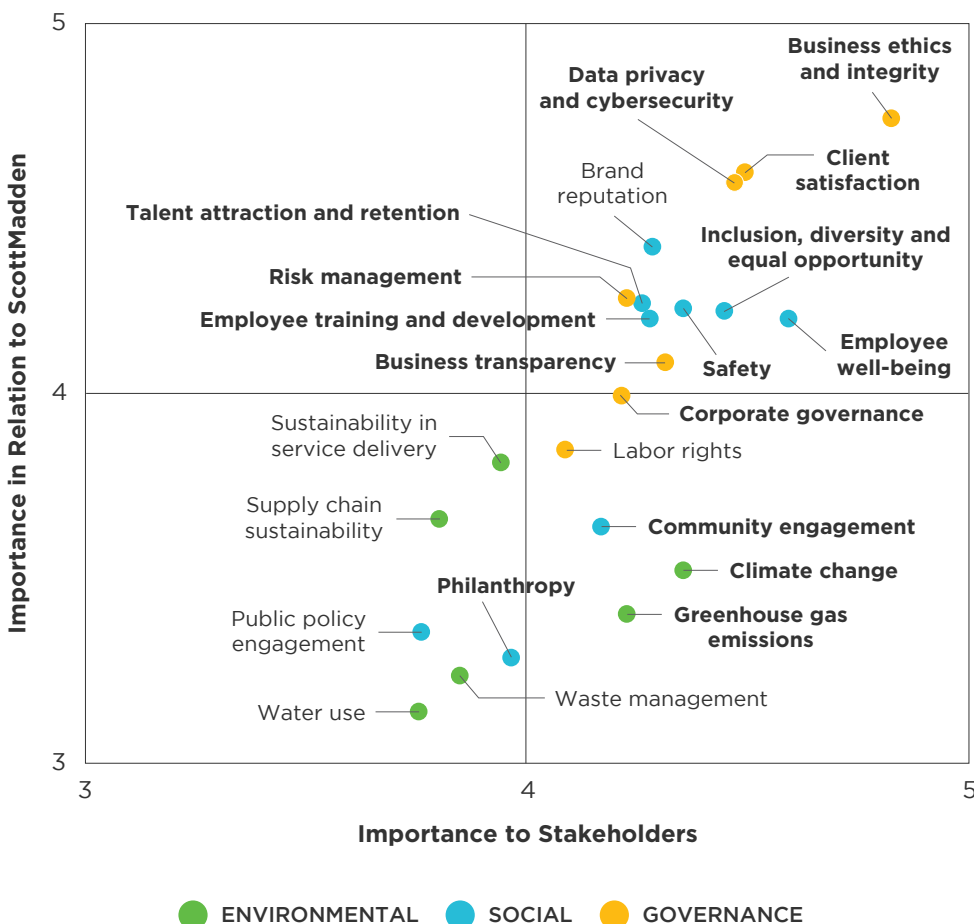
Stakeholder Survey Participation

71% of employees

30 clients representing a diverse set of industries

3 MBA students from core recruiting schools

2019 Materiality Assessment Results



Materiality Matrix

The matrix reflects how stakeholders weighed the importance of ESG issues for themselves and for ScottMadden. While stakeholders identified all of the indicators as important (3 representing slightly important, and 5 representing extremely important), governance and social indicators ranked among the highest in importance to our stakeholders and to ScottMadden. The issues bolded on this chart are addressed in this Corporate Responsibility Report.

Materiality Focus Areas

The six focus areas, which serve as the foundation of this report, were selected based on the results of the Materiality Assessment, an appraisal of our existing ESG activities, and the ability of our firm to directly manage and influence each issue.



COMMUNITY ENGAGEMENT

Non-profit Partnerships
Volunteering
Charitable Contributions



DIVERSITY AND INCLUSION

Employee Education
Talent Attraction and Retention
Networking and Outreach



DATA PRIVACY AND CYBERSECURITY

Information Protection
Acceptable Use Policies
Security Awareness Training



EMPLOYEE WELL-BEING AND DEVELOPMENT

Mental and Physical Health
Work-Life Balance
Training and Development



ENVIRONMENT AND EMISSIONS

Carbon Neutrality
Office Sustainability
Waste Reduction



BUSINESS ETHICS AND INTEGRITY

Corporate Governance
Service Delivery
Client Partnerships



ENVIRONMENTAL



SOCIAL



GOVERNANCE



Our People & Community



Community Engagement



We are committed to partnering with non-profit organizations to make an impact in our local communities and nationwide.

Committed to Our Communities

Our charitable giving supports the following areas:

- **Poverty Alleviation** — We are committed to helping individuals meet their essential needs and access new opportunities that will contribute to their economic security and overall well-being.
- **Veterans and Their Families** — We are proud to have many former active duty and currently serving reservists on our team and are committed to helping all veterans thrive.
- **Environment** — Our clients across a variety of industries are confronting the realities of climate change and other environmental concerns daily. We aim to support local and national conservation and decarbonization efforts, thus contributing to a safer and more resilient planet for future generations.
- **Education Access** — We are committed to constant learning in the service of our clients and are working to broaden access to high-quality educational resources that can make a difference in the lives of children and adults.

Through our giving and community engagement activities, we aim to add value to partner organizations in alignment with their mission and our firm's values. When selecting partner organizations, we listen to employee input and respond to high-impact events and emergent situations as they arise.

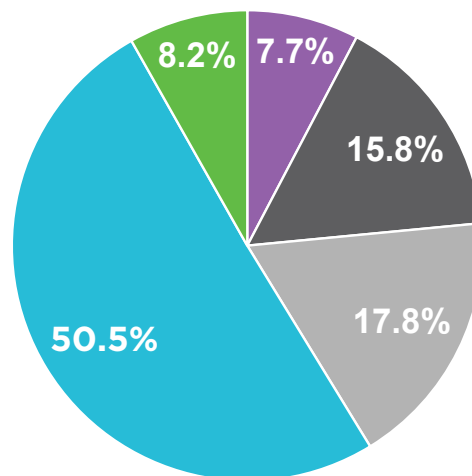
Helping near Home

Our Westborough office has organized several fundraising events for a local non-profit organization called Project Just Because (PJB), which provides support services for families, children, and seniors in need in nearby Boston MetroWest area towns.

This year, the Westborough office gathered school supplies for PJB to fill back-to-school backpacks for children in grades pre-K through 12. For each of the past three years, we have also fulfilled a selected family's holiday wish list, as well as the individual Christmas wishes of several teenagers.

While signing up for these events is strictly voluntary, historically we have enjoyed 100% office participation. Westborough is a smaller office and supporting PJB has been an additional way for this tight-knit group to demonstrate their spirit of giving and community.

Charitable Donations for 2019



- POVERTY ALLEVIATION
- OTHER
- HEALTH AND WELLNESS
- VETERAN SUPPORT
- EMERGENCY RELIEF



For our Westborough, MA office, Project Just Because has been a rewarding channel through which to perform acts of generosity in the local community.

Community Engagement



Hurricane Dorian Relief Contributions

We jump in and support when possible in emergency situations.

In September 2019, Hurricane Dorian reached North Carolina, causing power losses and flooding throughout the state and devastating some coastal communities. ScottMadden donated to Project HOPE to provide medical supplies and support overall emergency response efforts for those affected by the storm.

Project HOPE works to transform the health and well-being of people and communities around the world. They labor on the front lines of the world's health challenges, partnering with communities, healthcare workers, and public health systems to ensure sustainable change.

Time and Talent

ScottMadden's community engagement does not end with donations. Several of our employees are board members of local schools and universities, including the Emory University Goizueta Business School and the Energy Center at UNC Kenan-Flagler Business School. Our employees also regularly gather for runs and walks to support charitable organizations, including the Run for Justice 5K in support of the Atlanta Legal Aid Society and the Meaningful Miles 5K in contribution to the Back on My Feet organization. In 2019, employees in the Atlanta office supported the Salvation Army Angel Tree program, while staff in the Raleigh office held canned food and coat drives supporting local organizations.

Gathering Together

ScottMadden's Annual Firm Meeting brings together the entire firm for educational, networking, and community service opportunities. Each year, the meeting committee plans a service event that allows employees to give back to community organizations while socializing with their colleagues.

In 2019, the service event involved teamwork and a bit of friendly competition. ScottMadden partnered with Impact4Good to lead employees in a challenge focused on recycling and clean transportation. As teams, we worked together to build and race solar-powered cars made from partially recycled goods. In conjunction, we assembled solar car kits for donation to local classrooms to encourage students to reduce waste and learn about renewable energy and included personal, hand-written notes of inspiration in each kit.

Teams also assembled food bags for the Boys and Girls Clubs of Durham and Orange Counties. The Boys and Girls Clubs bridge the gap between school and home by providing a welcoming, positive environment where kids and teens can have fun, participate in life-changing programs, and build supportive relationships with peers and caring adults.



*"Service" theme for the
2019 ScottMadden Annual Firm Meeting*

Employee Well-Being and Development



OUR PEOPLE DRIVE OUR SUCCESS

We perform at our best when we feel at our best. We are committed to personal well-being at work, at home, and in our communities. We are also passionate about furthering the professional growth of our people throughout their careers.

We support physical, mental, and emotional wellness. Providing health benefits and lifestyle programs that further the physical health and safety of employees is fundamental to maintaining the highest level of performance. We recognize that our people often work in highly challenging, stress- and anxiety-inducing environments. Empowering our team with tools to cope with everyday challenges in healthy and productive ways ensures happier, healthier, safer, and more engaged employees. Forming and fostering strong relationships is also important for employee well-being. ScottMadden bolsters social wellness by cultivating a positive, collegial workplace, while also supporting our people who are balancing work with family needs.

We promote professional development, as we have always sought exceptional talent who are intellectually curious and motivated to grow personally and professionally. Supporting professional development enables our people to grow, learn, and nurture a sense of purpose.



Wellness

TAKING CARE OF OUR TEAM

We are committed to helping our people maintain their well-being through a comprehensive approach to promoting physical and mental health.

Our health benefits include competitive medical, dental, vision, and pre-tax savings benefits, in addition to life, accidental death, and long-term disability plans. In 2019, all employees were able to save on medical plan premiums through a monthly Fitbit Step Challenge.

For 2020, we continue to emphasize the importance of physical well-being and are offering the Healthy Lifestyle Reimbursement Program, which promotes physical activity and allows our people to save on

associated costs. Furthermore, it provides flexibility to choose how to stay active based on what best fits an individual's lifestyle.

Mental health is also vital to wellness. We offer the LifeWorks Employee Assistance Program, which provides access to a broad range of services to help with life challenges that may affect one's health, family life, or desire to excel at work. Additionally, we provide premium access to Headspace, a convenient app offering guided meditations to

reduce stress, increase focus, and improve grounding on challenging days.

ScottMadden also covers tuition costs for the Mindfulness Based Stress Reduction course offered both online and in person by Duke University. The course teaches a combination of meditation and yoga to cultivate awareness and reduce stress to ultimately improve overall well-being.



42%

Participation rate in Fitbit Challenge and Headspace Meditation wellness programs

Employee Well-Being and Development



Flexibility

MEETING THE NEEDS OF OUR PEOPLE

One of our core values is that we operate from a foundation of mutual respect and trust. We know everyone is different, with unique working styles, family compositions, and individual preferences. Our flexibility and family-friendly policies support peace of mind at home so that we can excel at work.

In our increasingly connected world, we recognize that there are new models for getting work done. To help our people balance their professional and personal lives while meeting the demands of our client-centered business, our firm offers various flexible working arrangements. These options include reduced hours for part-time employees, telecommuting options, and a sabbatical that allows employees to take a leave of absence while maintaining benefits.

We understand that work is only one component of our lives. That's why we've implemented family-friendly policies, such as time away for adoption, fertility benefits, paid parental leave, and wellness rooms in our offices, to give parents the time and space to focus on their new family members.

Training and Development

NURTURING OUR TALENT

Our people are our greatest asset. We seek and hire exceptional talent who are intellectually curious and motivated to grow personally and professionally.

Our approach to development is based on the premise that we learn best by doing. In addition to focusing on growth opportunities while serving our clients, we also provide formal online and in-person courses; structured mentoring through our Sponsor Program; dedicated time for development outside of client work, such as for professional certifications and licenses; and opportunities to advance one's skills and professional interests through involvement in our Communities of Practice.

We have built our training and development program with our people and clients in mind. From competency recommendations aligned to our employees' development plans to course offerings that evolve alongside a changing business landscape, we are committed to enabling our people to meet the changing needs of those we serve.

ScottMadden Learning was launched in 2019 to provide our people with an expanded, flexible training curriculum.

Courses are provided through curated, on-demand online sessions, with recommendations based on the job-level competencies of each individual. The options are flexible and tailored to meet employees' specific needs.

In today's digital business environment, our clients expect consultants to be knowledgeable and proficient with the latest technological trends and advancements. Broadening awareness and understanding of digital transformation was a key highlight of the 2019 training curriculum.

"ScottMadden has proven its dedication to professional development not only by curating meaningful curricula for each consultant level, but also by allowing us to drive our own development within desired areas of focus. ScottMadden has sponsored me for two digital certificate programs, sent me to relevant conferences, and afforded me a platform to share my learnings both internally and externally."



17 average training hours for employees in 2019

38% increase in training hours per employee since 2018

On-the-Job Development



CASE STUDY: EXPERIENTIAL AND PEER-BASED LEARNING WHILE ON THE JOB

The project and challenge

For a recent project at a vertically integrated utility, ScottMadden was tasked with creating next-generation training for transmission employees. The goal was to improve safety in the field while creating a cultural shift in employees' approach to work execution and hazard mitigation.

This training content focused on the use of high-risk tools. The associated safety concerns made training detail and delivery especially critical. The curriculum needed to be realistic and reinforce attention to detail.

A practical, “boots-on-the-ground” approach

Our consultants took a hands-on approach and worked alongside multiple crews—in transmission substations, bucket trucks, and observing transmission line work—interviewing and capturing video and other training content focused on tool-related work. The crewmembers wore a 360-degree camera on their helmets, and the footage was later embedded into computer-based training modules.

Developing our people

Leadership Support and Openness

ScottMadden's partners on the project played an important role in the project team's learning and development. They encouraged the team of consultants to think creatively and were receptive to their input. One consultant had a personal interest in videography, and the partners embraced his interest in developing 360-degree video production capabilities.

The partners provided the team with room to learn while keeping the project on pace. Although progress was slower at the outset, patience and trust from their leaders allowed the team to dive deep into the new technology and advance their skills.

Teamwork and Feedback

Each consultant brought different, yet relevant experience to the project—whether in transmission operations, videography, client-employed systems, or training documentation—that enabled peer learning. In the face of a steep learning curve, close coordination of activities and constant peer feedback played especially important roles.

“The part to focus on is the critical role that partners play. I can’t emphasize this enough when it comes to innovation and learning something new.”

Going above and beyond to deliver an exceptional result

The ScottMadden team developed a unique solution, worked flexibly with the client team, and was receptive to the latter's feedback and input while driving to a unique and effective solution. Not only did the client derive exceptional value from the results, but the consultants felt empowered by their cutting-edge solution to the problem.



Employee Well-Being and Development



Leadership Development Program

We recently created an internal leadership program for manager level and above tailored to our work and our culture. Each course includes 12 participants representing a mix of levels and roles.

In the course, we explore the situational leadership model, complementary frameworks and concepts, and practical application through monthly reflection assignments and discussion. After being piloted and refined over two semesters in 2019, the curriculum continues to expand. Small peer groups—we call them “buddy groups”—were established to share experiences, ask questions, and work through challenges; the groups meet monthly and start discussions with a curated list of topics.

Engagement levels have been high and have garnered numerous positive comments from participants. Highlights include how the buddy groups are essential to the course experience, how the program fills a previously existing gap in shaping important skills for managers, and how it provides an opportunity to be vulnerable and talk openly about challenges in a non-judgmental forum.



“The Leadership Development Program demonstrates a dedication to improving at all levels of the firm. As we continue to grow and our generational mix shifts, the program will give us a common platform and way to think about leadership and staff development. I am excited to see how development discussions evolve in the coming months and years.”

Sponsor Program

SUPPORTING DEVELOPMENT

Our matrix organization and project-based management relationship have enabled us to formalize the role of sponsor and mentor through our firm’s Sponsor Program, which creates a two-way exchange to promote our consultants’ development and engagement.

“My sponsor is my strongest champion at the firm—a partner who is invested in my development and has seen my career progress across 2+ years as a consultant. He is also the person I turn to for advice in seeking new development opportunities and challenges.”

John is a consultant. As a sponsoree, he:

- Meets with Angela regularly throughout the year
- Discusses project performance and development plan progress and asks questions about firm initiatives
- Uses Angela as a sounding board for near-term goals and longer-term aspirations
- Leverages Angela’s experience to ask for advice
- Knows that he can discuss longer-term development and rely on Angela to be a consistent voice for feedback and guidance



Angela is a partner. As John’s sponsor, she:

- Works with John on his professional development plan and gets to know him
- Discusses development areas, short- and long-term goals, and project feedback
- Provides career guidance and advice
- Shifts her focus from career development to more specific mentorship and guidance as John matures at ScottMadden
- Is John’s advocate in terms of growth at ScottMadden

Diversity and Inclusion



Our Vision

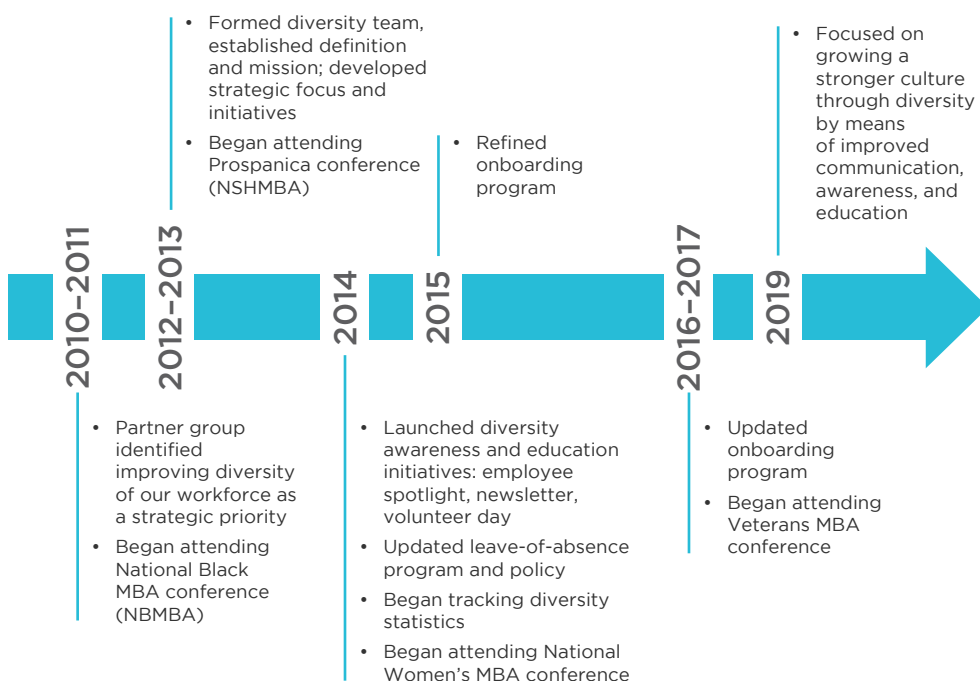
We recognize that every employee is unique. The differences in our backgrounds, experiences, styles, and perspectives are part of what makes our firm exceptional. We are committed to building a diverse environment that is collaborative and supportive and fosters mutual respect and trust for one another and our clients.



Our Journey

Our diversity and inclusion (D&I) journey began 10 years ago. At that time, increasing our firm's diversity became a strategic priority. Since then, we have evolved to prioritize inclusion as well as diversity.

To guide us along our D&I journey, we formed a Diversity and Inclusion team with three focus areas. Consultants and staff from all levels make up the team and serve as team leaders.



D&I Areas of Focus



Diversity and Inclusion



Communications, Education, and Awareness

Our communication, education, and awareness efforts focus on creating a culture of inclusion through creative events and ongoing activities that increase awareness of our firm's diversity.

Diversity and inclusion awareness begins on day one. We share our diversity and inclusion strategy as part of the onboarding process for new hires and pair them with Ambassadors (seasoned employees who help acclimate new hires in their first year) to encourage inclusion. On an ongoing basis, we promote awareness of the diversity of our people through our Employee Spotlights, which have highlighted numerous employees on our website and quarterly newsletter, *theScoop*.

In 2019, we held a firm-wide workshop designed to build a deeper understanding of inclusion among our people. The workshop, called "Our Journey Towards Maximizing Inclusion," addressed the need to go beyond merely focusing on the color and composition of the workforce, as well as the importance of understanding each other better by going below the surface to cultivate an environment of trust.



Employee Spotlight on Veterans in *theScoop*

Attracting and Retaining Talent

Attracting and retaining talent means executing activities that are critical to increasing and maintaining diverse talent within our firm.

We engage in recruiting activities that support building a more diverse firm. Our activities in 2019 included attending conferences offered by the National Black MBA Association®, Out@Work, Reaching Out MBA, Veterans MBA, and Women in Business; hosting networking events for Diversity Club members from local universities; and posting open roles to local veterans services, vocational rehabilitation centers, and minority colleges.

We are proud of the work we've done to improve our diversity reporting. We track key diversity metrics, including the percentage of diverse employees (race, gender, veterans) in our general population and in leadership positions. We also review diversity across age groups, consultant roles, and non-consultant roles. In addition, we are taking a deeper dive into the performance of our recruiting channels by tracking retention numbers and reasons for departure, especially for our diverse employees. We report these key metrics to our partner group each quarter to engage our leadership in conversations around diversity and retention within our firm.

Networking and Outreach

Our networking and outreach efforts allow us to build our internal network, as well as extend our diversity and inclusion exposure beyond our firm.

Recently, we sponsored five consultants' memberships in the American Association of Blacks in Energy along with their attendance at the organization's national conference to network and learn from their peers in the energy industry.

We've also attended the Edison Electric Business Diversity conference, an event that allowed us to network with diverse electric suppliers, as well as hear about diversity priorities and strategies from some of our clients. Additionally, we have attended the SHRM Diversity and Inclusion conference.

Internal networking and inclusion form an important part of our culture. We encourage inclusion of employees working remotely, who, as a result, may not be part of a weekly office culture. We recently created "Virtual ScottMadden" to ensure that those working remotely feel included and part of our team while working outside the office. This initiative will continue to benefit us moving forward.

An aerial photograph of a wind farm. In the foreground, a large white wind turbine stands prominently, its three blades extending outwards. The turbine is situated in a lush green field, with a dirt road or path leading towards it. In the background, several other wind turbines are visible, scattered across the landscape. The sky is filled with fluffy white clouds, and the overall scene conveys a sense of clean, renewable energy.

Our Planet

Environment and Emissions










Identifying Opportunities

We are committed to minimizing the environmental impacts of our operations—particularly emissions from business travel—and constantly strive to improve the sustainability of our work.

We are resolved to make thoughtful decisions regarding how we manage our environmental impact while continuing to provide the highest quality consulting services. We share this commitment with our people, clients, and the communities in which we live and work. Due to the client-centered nature of our business, emissions from business travel have historically constituted a large portion of our carbon footprint. To counteract this, we are committed to offsetting 100% of our emissions from operations on an annual basis, as well as reducing our overall footprint by making more thoughtful travel decisions and improving the sustainability of our three offices. We recently engaged an external auditor to validate our emissions tracking methodology and ensure we are tracking the data necessary to achieve our commitment to neutrality.

Like many of our clients, we view sustainability as a journey. We are committed to this effort both internally and in partnership with them. To guide this journey, we are dedicated to:

- Identifying and evaluating opportunities to reduce our overall emissions
- Achieving neutrality annually by offsetting 100% of the carbon emissions generated from our operations
- Calculating Scope 1, 2, and 3 emissions annually in a manner that complies with the World Resources Institute (WRI) Greenhouse Gas Protocol
- Fostering dialogue to better understand our employees' and clients' perspectives and priorities on environmental issues that impact our business, our local communities, and our planet

	% emissions from Scope 1 (on-site gas heating)	1%	
	% emissions from Scope 2 (purchased power)	18%	
	% emissions from Scope 3 (bus. travel/commuting)	81%	
	Flight emissions per employee (MT CO ₂ e)	3.35	
	Vehicle emissions per employee (MT CO ₂ e)	0.83	
	Emissions intensity per employee (MT CO ₂ e)	6.80	
	Carbon offset per employee (MT CO ₂ e)	8.34	

Environment and Emissions



Sustainability in Our Workspaces

Beyond our commitment to offset emissions from travel operations, we continue to assess ways to reduce the environmental footprint of our office spaces.





During recent renovations at two of our offices, we incorporated several sustainable design features. These included installing LED bulbs and energy efficient appliances (e.g., refrigerators, dishwashers, and water heaters), using recycled, and interchangeable carpet squares for flooring, placing desks near windows to reduce lighting needs, and leveraging light and HVAC system sensors to reduce energy consumption when spaces are not in use. Our Raleigh office is LEED Certified and our Atlanta office is LEED Gold Certified.



Office Composting Program

To further reduce the environmental impact of our offices, we implemented composting programs in the Raleigh office in late 2018 and in the Atlanta office in early 2019.

Composting reduces methane emissions from landfill waste and helps generate more enriched soils that will require less fertilizer, water, and herbicide. ScottMadden partners with CompostNow, a third-party service provider that collects our compost weekly and calculates the impact of our efforts. Last year, this partnership diverted 1,352 pounds of waste from landfills. The redirected waste was converted into compost and donated to local schools and community gardens. Though employees experienced some initial confusion around what is compostable, each month brings improved participation in and growing enthusiasm for the effort.

	Waste diverted from landfills via composting (lbs.)	1,352
	Methane avoided from composting (lbs.)	176
	Carbon equivalents avoided from composting (MT CO₂e)	1.59
	Equivalent of miles not driven	7,682

Environment and Emissions



Achieving Carbon Neutrality








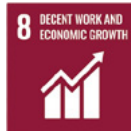




Over the last two decades, we have increasingly dedicated resources to corporate sustainability while adding analytical rigor to better understand our impact and ultimately achieved carbon neutrality beginning with 2018.

In 2008, we began our environmental conservation efforts with the creation of our Sustainability practice area. Through this practice area, we examined how emerging technologies and broader sustainability efforts were impacting our clients and the way we run our business. That same year, we started internally tracking our annual carbon emissions to better understand the challenges our clients faced in tracking the environmental impact of their own operations. Over the next several years, we improved our data collection processes and increased the accuracy of our carbon-tracking model. With better information, we analyzed the profile of our carbon emissions and identified available levers to reduce them. In parallel with these internal initiatives, we increased our involvement in local clean energy organizations and engaged our clients from numerous industries to better understand how to maximize the impact of our sustainability efforts.

In 2016, in response to our people's growing curiosity about and desire to improve our sustainability, we developed formal business cases to evaluate several short- and long-term initiatives to reduce the environmental impacts of our operations. In addition to increased sustainability efforts in our offices, we determined purchasing carbon offsets would be the most effective and least disruptive method of reducing our environmental impacts.

"I have tried to cut carbon emissions in my personal life, and ScottMadden's Carbon Offset Matching Program allows me to offset carbon emissions that were unavoidable due to work commitments. Participating in the program allows me to shrink my personal carbon footprint and advance one of ScottMadden's sustainability initiatives."

In 2017, we established the Carbon Offset Matching Program, through which the firm matches all employee-purchased carbon offsets. To build on the program's success, we pursued carbon neutrality beginning with the 2018 calendar year. We partnered with Natural Capital Partners, a leading offsets retailer, to support carbon reduction via renewable energy projects. Our emissions offsets purchased in 2019 went to supporting solar access for low-income households in India, utility-scale wind power in India, and off-grid solar projects in East Africa. Each project is aligned with the UN Sustainable Development Goals and third-party verified to ensure permanent carbon reduction.

Carbon Offsets Project	Region	Certifying Entity	Alignment to UN Sustainable Development Goals
M-Kopa Solar Home Systems	East Africa	VCU	   
SELCO Solar Energy Access	India	Gold Standard VER	   
West India Wind Power	India	VCS	   

ScottMadden has an ongoing commitment to offsetting 100% of emissions from operations. We supported three renewable energy projects to offset our 2018 footprint.



Our Governance

Governance Highlights



Our Newest Board Member

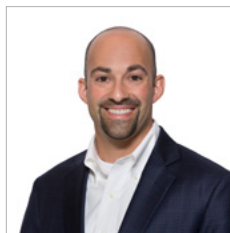
In 2019, ScottMadden welcomed Kathy Betty to our Board of Directors. Ms. Betty is a prominent Atlanta/Huntsville businesswomen and former WNBA Atlanta Dream owner and joins us with more than 30 years of business management and consultancy experience.

Our Inaugural Environmental, Social, and Governance Steering Committee

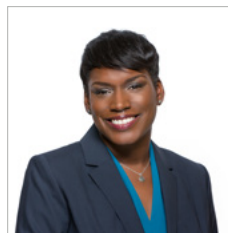
While ScottMadden has focused on sustainability, diversity, inclusion, and ethical governance for many years, 2019 was a pivotal year in which we formalized and reported on our work in each area. To oversee and evaluate our corporate responsibility and sustainability efforts moving forward, a group of our firm's leaders formed the Environmental, Social, and Governance Steering Committee.



Brad Kitchens



Andy Flores



Kim Davenport



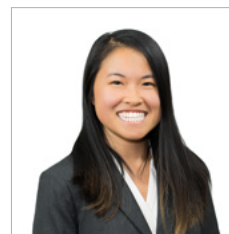
Courtney Jackson



Kristin Overman



Ian Falk



Theo Tran



“The creation of the ESG Committee does not mark the beginning of our ESG journey, but it clearly indicates formalization and commitment.”

Created to ensure a continued focus and strategy around material ESG issues, the ESG Steering Committee provides a direct line of sight on ESG issues for our firm's partners and Board of Directors. In addition to nurturing the plans and activities for corporate responsibility and sustainability, the committee provides formal governance, monitors and assesses current and emerging trends, and makes recommendations on how our policies and practices address our current environment. The Steering Committee monitors the implementation of our ESG plans and recommends policies and practices that conform to our ESG strategy.

Data Privacy and Cybersecurity



Staying Ahead of the Digital Curve

Our top priority is protecting our client, employee, and firm information while remaining adaptable in a digital work environment.

Securing client, employee, and company information is a top priority for the firm and a commitment we take very seriously. We believe our programmatic approach to information security enables us to stay ahead of the ever-accelerating pace of technological threats.

As the world continues to feel the impacts of COVID-19, it is clear that companies must adapt to working in a virtual environment. We believe that with the right collaboration and engagement techniques, we can continue to deliver superior results despite losing some of the benefits of in-person interactions.

To proactively strengthen our security controls and mitigate potential risks to client, employee, and company information, we have developed an Information Security roadmap. As technology evolves, so, too, does our roadmap.

Information Security Program and Security Awareness Training

Our Information Security Program and Security Awareness Training ensure we remain vigilant in our approach to cybersecurity and data privacy.

Our Information Security Program (ISP) formalizes the policies and standards required to protect our information resources. Our entire staff is held to the ISP's standards of individual responsibility for information and response measures to potential incidents, and we actively monitor for compliance. The ISP details our information security control and procedure standards, as well as our acceptable use policy. It also identifies our obligations regarding data privacy and the necessary requirements for meeting our clients' needs.

All our employees are required to complete our annual Security Awareness Training. For 2019, 100% of ScottMadden's employees and contractors completed this curriculum, which includes modules relevant to current security needs that are reviewed and modified annually.

100%

**of employees completed
Security Awareness Training**

100%

**of employees signed
Acceptable Use Policy**

Business Ethics and Integrity



Our Commitment to Our People and Our Clients

We consistently create successful client partnerships and deliver positive results by establishing trust, bringing our passion for what we do to work every day, and living by our values.

Our vision is to be known for the quality of our services and the integrity of our relationships, attributes for which our people are the source and foundation. In addition, our culture is based on mutual respect and trust for one another, an inclusive mindset that drives client success.

Our mission is to provide our clients objective advice and support them in solving their most difficult problems. Working side by side, we help identify the right solution for every challenge. In our work, we will always take the long view for our clients' greater good. Our success over the past 35+ years is a testament to the trust our clients place in us.

Our success is the direct result of being guided by our values:

- We will be accountable to our clients and each other and operate with a genuine focus on service founded on mutual respect and trust
- We will place the long-term good of our clients above our own interest and conduct our business ethically, with humility, empathy, and fairness
- We will exceed our clients' expectations; we will do what we say we will do; and we will do it extraordinarily well
- We will be stewards of ScottMadden's reputation, and we will preserve and enhance it
- We will maintain a challenging work environment centered on client success while promoting collegiality, creativity, responsibility, and an overall esprit de corps

"Our culture of transparency and openness starts at the top with our leadership. We are kept up to speed with firm strategy and initiatives regularly, which is reflective of the trust and respect we have for one another."

Business Ethics and Integrity

Our Commitment to Ethics and Integrity



STANDARDS OF CONDUCT

Upon joining ScottMadden, every new hire is required to read and sign our Employee Handbook, which contains our General Standards of Conduct. These state that we work honestly, fairly, and respectfully with one another and others associated with the firm. Professional behavior is expected of us at all times, and we are encouraged to report any instances of inappropriate conduct. Our established guidelines for conduct create a safe place for all to work and allow us to do our jobs successfully.



A SAFE WORKPLACE

We value every voice at ScottMadden and have zero tolerance for discrimination or harassment of any kind. Our efforts in Diversity and Inclusion are outlined in this report, and we emphasize respectful, non-discriminatory behavior on a daily basis. We hold ourselves to the highest standards so that we may all excel.



CLIENT PARTNERSHIPS

Our work is often confidential, and our advice and counsel frequently guide our clients' strategic decisions. Because protection of their situation and information is paramount, we proactively manage conflicts of interest and associated disclosures as circumstances warrant. And because we measure our success by that of our clients, we take a long-term view for them, doing what will be in their best interest for years to come.

Our Commitment to Corporate Responsibility and Sustainability

The Path Ahead

ScottMadden is committed to corporate responsibility and sustainability. This will remain central to our strategy and operations. We plan to achieve this by:

- Focusing on the quality of our relationships with our people, our clients, and our communities
- Monitoring and managing our environmental, social, and governance policies, plans, and activities
- Grounding all that we do in our core values of respect, trust, service, and accountability

We are proud of our accomplishments to date but recognize there remains significant room for improvement. In future reports, we plan to provide further information on our corporate responsibility and sustainability goals and our progress toward achieving them.

Our first Corporate Responsibility Report is a testament to our firm's culture of cultivating employee-led initiatives. We are very grateful to the many people at ScottMadden who contributed to creating this report. Special thanks to Tina Jeffress, Theo Tran, and Benjamin Lozier for spearheading our efforts in this endeavor.



Reporting Methodology

Reporting Process

ScottMadden did not adhere to a specific reporting framework while preparing this report but rather followed guidance from existing frameworks when developing specific metrics (e.g., diversity metrics developed based on GRI). Contents were guided by the results of our materiality assessment and available quantitative data. With this being our first Corporate Responsibility Report, some contents are weighted toward summarizing existing or past firm activities. All data and metrics are from FY 2019 unless otherwise noted. In the future, we plan to report on specific goals in each focus area and highlight our progress toward achieving them.

Summary of 2019 Results

Community Engagement	
<i>Metric</i>	<i>2019 Results</i>
Charitable giving per employee	\$280
Charitable giving as a % of revenue	0.1%
Employee Well-Being and Development	
<i>Metric</i>	<i>2019 Results</i>
Fitbit Challenge participation rate	42%
Headspace app participation rate	42%
Average annual nights out per consultant	82.9
Average annual training hours per employee	17.1
Average annual training hours per consultant	18.2
Average annual training hours per administrative staff	10.3
Diversity and Inclusion	
<i>Metric</i>	<i>2019 Results</i>
% female - leadership	18%
% female - all employees	37%
% female - new hires	44%
% male - leadership	82%
% male - all employees	63%
% male - new hires	56%
% minority - leadership	20%
% minority - all employees	25%
% minority - new hires	26%
% non-minority - leadership	80%
% non-minority - all employees	75%
% non-minority - new hires	74%

Reporting Methodology

Summary of 2019 Results (Cont'd)

Diversity and Inclusion (Cont'd)	
Metric	2019 Results
% not self-identified - leadership	0%
% not self-identified - all employees	0%
% not self-identified - new hires	0%
% millennials/post-millennials (1981+) - leadership	13%
% millennials/post-millennials (1981+) - all employees	52%
% millennials/post-millennials (1981+) - new hires	63%
% veterans - leadership	7%
% veterans - all employees	6%
% veterans - new hires	0%
Environment and Emissions	
Metric	2019 Results
% emissions from Scope 1 (on-site gas heating)	1%
% emissions from Scope 2 (purchased power)	18%
% emissions from Scope 3 (business travel and employee commuting)	81%
Flight emissions per employee	3.35 MT CO ₂ e
Vehicle emissions per employee	0.83 MT CO ₂ e
Emissions intensity per employee	6.80 MT CO ₂ e
Carbon offset per employee	8.34 MT CO ₂ e
Waste diverted from landfills via composting	1,352.4 lbs.
Carbon equivalents avoided from composting	1.59 MT CO ₂ e
Data Privacy and Cybersecurity	
Metric	2019 Results
Security Awareness Training completion rate	100%
% employees who signed Acceptable Use Policy	100%

Reporting Methodology

Materiality Assessment

ScottMadden's materiality assessment was designed and deployed by an internal team. In addition to the quantitative results (below), the team collected qualitative responses through survey comment sections and conducted follow-up interviews with many participants. The selection of material issues was determined by weighing the survey results and interview responses and assessing what ScottMadden can most effectively manage and influence through its operations.

		Importance to Stakeholder			Importance Relative to ScottMadden		
		Clients	Employees	Students	Clients	Employees	Students
Environmental	Greenhouse gas emissions	4.45	4.05	4.17	3.18	3.52	3.58
	Climate change*	4.29	4.36	4.5	3.17	3.67	3.88
	Sustainability in service delivery*	4.21	3.52	4.26	3.86	3.66	3.97
	Supply chain sustainability	3.9	3.57	4.11	3.71	3.57	3.71
	Water use	3.5	3.93	3.95	3.01	3.06	3.52
	Waste management*	3.48	4.03	4.23	3.15	3.04	3.77
Social	Safety*	4.84	4.11	3.89	4.56	4.07	3.86
	Brand reputation	4.65	4.15	3.86	4.11	4.83	4.06
	Community engagement	4.57	3.87	3.98	3.66	3.5	3.85
	Public policy engagement	4.5	3.23	3.36	3.54	3.2	3.26
	Employee well-being	4.4	4.76	4.65	3.44	4.7	4.68
	Inclusion, diversity, and equal opportunity	4.46	4.47	4.42	3.99	4.41	4.28
	Talent attraction and retention*	4.3	4.32	4.09	3.61	4.85	4.28
	Philanthropy*	4.28	3.76	3.77	3.03	3.39	3.57
	Employee training and development*	4.03	4.4	4.55	3.45	4.71	4.65
Governance	Business ethics and integrity	4.89	4.84	4.68	4.64	4.84	4.74
	Data privacy and cybersecurity	4.83	4.24	4.23	4.66	4.7	4.13
	Risk management	4.62	3.99	3.94	4.37	4.3	3.89
	Corporate governance*	4.53	4.09	3.86	3.81	4.2	3.92
	Business transparency	4.39	4.28	4.26	4.08	3.96	4.33
	Client satisfaction*	4.38	4.8	4.15	4.39	4.98	4.2
	Labor rights	4.22	3.91	4.2	3.85	3.65	4.19

ScottMadden surveyed three stakeholder groups to determine the six focus areas included in this report (highlighted above). The issue areas denoted by asterisks are included in this report as subsets of the six focus areas.

Reporting Methodology

Carbon Reporting

For the calendar year 2018, Lucideon CICS was contracted to provide limited assurance verification of ScottMadden's GHG emissions reporting under operational management control criteria. Lucideon verified ScottMadden's 2018 carbon footprint in accordance with the World Resources Institute and World Business Council for Sustainable Development, "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard," March 2004, revised May 2013 and ISO 14065:2013 "Requirements for Greenhouse Gas Validation and Verification Bodies for use in Accreditation or Other Forms of Recognition."

Scope 1 emissions resulted from on-site gas heating at one ScottMadden office. Scope 2 emissions (purchased power) were calculated based on utility billing records. Scope 3 emissions included emissions generated from air travel, rental cars, personal vehicle mileage, and employee commuting. Rail travel (local or regional) was not included in this assessment. ScottMadden plans to incorporate rail data prior to future audits.

The verification was conducted to a limited level of assurance and concluded that the GHG Report was materially correct. ScottMadden used the methodology verified by Lucideon to calculate 2019 emissions and determine the required amount of carbon offsets.

Forward-Looking Statements

This report may contain forward-looking information, including statements about ScottMadden's corporate responsibility efforts. These statements are based upon ScottMadden's current beliefs and expectations and involve risks and uncertainties. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements. ScottMadden disclaims any obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

