



# 2020 Corporate Responsibility Report

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# A Message from Our CEO

Twelve months ago, at the time of our first Corporate Responsibility Report, we had just started understanding how to function in a COVID-19 world. Today, we are still operating in a very different world and in a very different way than we did before the pandemic, but we are starting to see some light at the end of the tunnel. As we move deeper into 2021 and look back at our performance in 2020, we are working to understand the ways in which our work and how we deliver it have changed, but we are making sure we remain true to our principles and values as a firm. Our core beliefs remain intact. Publishing this update to our Corporate Responsibility Report is an important step for ScottMadden to solidify our commitment to lead on Environmental, Social, and Governance (ESG) issues.

This year's report is structured differently than our initial report from last year. Though the landscape for our stakeholders is rapidly changing, the focus areas identified in last year's CRR report remain vital to us and to our stakeholders. In years when we do not repeat a materiality assessment, we will issue a Corporate Responsibility Report update, which provides the significant events, initiatives, and progress of the past year, including our updated metrics and performance. Although our report is a few pages shorter, our commitment and effort have not wavered, as you will read in the following pages.

One significant action we took in 2020 was to name our first Director of Diversity & Inclusion, Kim Davenport. Kim is a successful partner within the firm and she excitedly accepted this increased responsibility. Kim already led our Diversity & Inclusion Team, which seeks to build a culture where everyone feels welcomed, valued, and respected. This is at the core of our business and values, from the work that the firm does with its clients to the impact that our employees have in their communities. Kim will continue leading the Diversity & Inclusion Team and ensure the firm is focused on attracting, supporting, educating, and retaining a

diverse workforce with a variety of thoughtful and intentional initiatives, events, and activities along the way. Diversity, including differences in backgrounds, experiences, styles, and perspectives, is critical to the firm's success, and Kim is committed to building and sustaining an environment that is diverse, collaborative, supportive, and fosters mutual respect and trust—internally and externally.



Even though things are improving, our industry and the economy are facing disruptions in myriad ways. Our priority is, of course, to ensure the health and welfare of our people and clients. Regardless of whether our delivery

model is more travel-intensive or relies more on technology for engagement, we will always do what is in the best interest of our clients and our people. To us, sustainability means much more than just environmental impact. It is also about our people, 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.

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 again for reading our report.

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

**Brad Kitchens**  
President and CEO

# **Our People & Community**





# Community Engagement

**We continue to be committed to partnering with charities and non-profit organizations to make an impact on our local communities and nationwide.**

Although COVID-19 restricted in-person meetings and travel, ScottMadden worked with our partner organizations in 2020 to support community and national initiatives in new ways.

As outlined in our 2019 report, we identified poverty alleviation, veterans and their families, environment, and education access as focus areas for our charitable giving and community engagement, and we continue to build partnerships with organizations working in these areas.

## Reaching Further

While giving back to the community has always been important to our firm, in 2020 we prioritized formalizing partnerships with local organizations to build long-term relationships and enable us to make an ongoing, measurable impact. COVID-19 shifted the way our partner organizations operated, and we have been working with community partners to identify opportunities to provide support and assistance amidst this dynamic landscape.

## 2020 Highlights

In 2020, we established a core leadership team to further our mission and guiding principles for community engagement. The core leadership team established partnerships with six organizations and began to formalize plans for meaningful, ongoing involvement with these community partners. Our intent is to not only schedule firm events to support these partner organizations but also provide an opportunity for our employees to build ongoing relationships through individual commitments longer term.



**Westborough staff participating in Project Just Because School Supply Drive**

Although COVID-19 delayed some in-person community engagement planned activities, ScottMadden supported our partner organizations by promoting a virtual 5K and encouraging participation in their holiday giving programs. We also helped one of our partner organizations, Urban Ministries of Durham, to manage the direct impacts of COVID-19 on their residents and clients. ScottMadden employees purchased cleaning supplies, gloves, and masks to help maintain continuity in their operations throughout the pandemic.

In 2021, we will provide virtual volunteering opportunities such as mentoring, resume assistance, and other administrative support. As our partner organizations move toward the new normal, we will continue to scale up and plan to schedule in-person events later in the year.

# Diversity and Inclusion



## Our Vision

At ScottMadden, ensuring inclusive, equitable, and respectful treatment for everyone is central to who we are and is core to our values. Growing a diverse culture in which everyone is welcomed, valued, and respected, has long been a strategic priority for the firm. We are committed to advancing our diversity and inclusion efforts as we work toward a better future for all.



*“The team from ScottMadden has been a key partner on a number of major strategic initiatives over the last several years. As a leader, I know I can count on [the ScottMadden team] to provide thoughtful, practical, and insightful advice on complex issues. One thing I appreciate as a client is that the team at ScottMadden shares our values on the preserving the environment, enhancing sustainability, ensuring good governance, and promoting diversity and inclusion.”*

— President, CONSOLIDATED EDISON OF NEW YORK

## Focus Area Objectives

Ensuring inclusive, equitable, and respectful treatment for everyone within our firm and our communities is central to who we are and is core to our values. The objectives below continue to drive our diversity and inclusion (D&I) efforts:



**1. Communications, Education, and Awareness:** Creating a culture of inclusion through education and activities that increase awareness of our firm’s diversity.



**2. Talent Attraction and Retention:** Increasing and maintaining diverse talent within our firm.



**3. Networking and Outreach:** Building our internal network, as well as extending our diversity and inclusion exposure beyond our firm.



# Diversity and Inclusion



## Standing on Our Commitment to D&I

In 2020, we continued our collective efforts to increase diversity within our firm and to build awareness and inclusion. However, considering the instances of racial injustice experienced throughout the year, we challenged ourselves to do more to build on our commitment to growing an environment of belonging and equity within our firm and our communities.



**Continued Commitment from Leadership:** Our CEO, Brad Kitchens, responded to events in 2020 immediately and resolutely. He expressed concern for our employees, our clients, and those in our communities who directly feel the impact of racial injustice by reaching out, listening, and reinforcing accountability with our firm leaders. Our firm's leadership continues to drive investment in and support of our D&I work.



**Employee Focus Groups:** Our employees engaged in conversations focused on race and ways to enrich our D&I journey and contribute to our community to promote equity and inclusion.



**Scholarship and Internship:** As a result of our employee focus group conversations, we established the ScottMadden Inspire Scholarship focusing on African American undergraduate students within our communities. We also expanded our internship program to include students from Historically Black Colleges and Universities.



**Training:** 97% of our employees completed unconscious bias training, and our firm's partners participated in D&I training specifically targeted for executives/leaders.



**Inclusion Survey:** We deployed an inclusion survey to our employees and garnered an 85% response rate. We will be incorporating the survey results in our D&I activities and our firm's strategic planning.



**Employee Resource Groups (ERGs):** We explored ERGs and how we could best leverage them at our firm. We are currently building a plan to deploy our first ERG in 2021.



**Charitable Donations:** We donated to social justice organizations, including the National Urban League, the Equal Justice Initiative, the Boys and Girls Club, and the Urban Ministries of Durham.

# Employee Well-Being and Development



We perform at our best when we feel our best. We are committed to promoting 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.

## Focus Area Objectives

Our employee well-being objectives continue to be:

1. **Wellness:** Supporting and prioritizing employee physical and mental health, especially during the pandemic.
2. **Flexibility:** Adapting to remote work requirements that meet both employee and client needs.
3. **Training and Development:** Addressing team member development needs and leveraging remote learning opportunities that engage our employees where they are.

## Taking Care of Our Team

### PROMOTING EMPLOYEE WELLNESS

ScottMadden continues to recognize the need to support employee wellness throughout the challenges posed by the global pandemic. We have continued existing programs and taken several steps to support employees in new ways. Our new programs for 2020 include:

- **Healthy Lifestyles Reimbursement benefit** covering employee costs for eligible fitness-related expenses (including the cost of home exercise equipment)
- **Mindfulness-Based Stress Reduction course** offered through Duke University, which includes a remote option
- **Infertility support** and reimbursements for related fees
- **Opting for FSA leave balances**, including a longer grace period to use FSA funds

### ENABLING FLEXIBILITY

Our firm recognizes the need to be flexible with policies during the challenges associated with the global pandemic. Life and work have become intertwined as we shifted to a remote-first environment for client support. Never have there been more cats, dogs, and partners

included in the background during remote conferencing! Recognizing this, we quickly deployed Microsoft Teams tutorials to equip employees with the tools to operate in remote environments. Additionally, the firm provided a home office equipment stipend to employees to help cover the costs of vital home office equipment and supplies. Finally, since many of our employees canceled vacation plans in 2020, they were able to roll over up to five days of unused vacation time to be used in 2021.

### SUPPORTING TRAINING AND DEVELOPMENT

Our firm continues to value training and development opportunities, though changes were needed to meet the needs of our largely remote workforce in 2020. To ensure continued engagement with our employees, we shifted our monthly First Friday meetings and the annual Firm Meeting to a virtual meeting format. Through these virtual settings, our employees could still connect, learn new skills, and develop capabilities. We adopted LinkedIn Learning well before the pandemic, providing curated content aligned with our competencies and supplemental training materials for our employees. ScottMadden reiterated the benefits of LinkedIn Learning in 2020, highlighting content to prepare employees for a new virtual workplace and continue personal development.



# 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. As part of this effort, ScottMadden has committed to offsetting all emissions from our operations—which we have achieved in 2018 and 2019.

## Focus Area Objectives

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:

- **Emissions Review:** Identifying and evaluating opportunities to reduce our overall emissions.
- **Carbon Neutrality:** Achieving carbon neutrality annually.
- **Accurate Emissions Determination:** Calculating Scope 1, 2, and 3 emissions annually in a manner that complies with the World Resources Institute (WRI) Greenhouse Gas Protocol.
- **Environmental Engagement:** 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.



## Journey to Achieving Carbon Neutrality

1. We refined the carbon tracking model for 2020.
2. We achieved neutrality through ScottMadden purchased offsets.

The anomalous nature of 2020, due to the COVID-19 pandemic, impacted our annual emissions, resulting in decreased Scope 1, 2, and 3 emissions. Scope 3 emissions decreased the most on an MT CO<sub>2</sub>e basis due to travel suspensions and employees working primarily from home for the majority of the year.

We learned in 2020 that, when appropriate, we can continue to provide a high-level of service to our clients without carbon-intensive travel.

# **Our Governance**

# Data Privacy and Cybersecurity



## Staying Ahead of the Digital Curve

**Our top priority is our clients and securing our client data while protecting their privacy.**

We protect our company data by promoting awareness and remaining vigilant against cyber threats. This has been particularly important recently, as we perform most of our work remotely. Regardless of where our employees and contractors are physically working, our programmatic approach to information security and business continuity enables us to stay ahead of the digital curve and demonstrate our resilience.

## Information Security Program and Security Awareness Training

Our ScottMadden Information Security Program (ISP) identifies the standards we abide by to protect our client and company information. All employees are held to the ISP's security and privacy requirements. In 2020, we revised our ISP to align with evolving client data retention

and data privacy standards. All employees acknowledged and agreed to the refreshed standards; 100% of ScottMadden's employees and contractors signed the Acceptable Use Policy in 2020. 100% of ScottMadden's employees and contractors also completed our internal Security Awareness Training for 2020, which included guidance on malware, phishing, ransomware, privacy, and personal information protection.

To further strengthen our information security preparedness, our firm conducts annual tabletop tests for disaster recovery and business continuity. We use the results from these exercises to revise and improve our policies and practices.

In 2020, we established a Cybersecurity and Operational Technology Center of Excellence (CoE) to deepen our expertise and offerings in managing cyber risk. This CoE supports our work in delivering cybersecurity and operational technology services to our clients. We continue to develop and acquire industry experts with technical knowledge and expertise in these areas.



# Business Ethics and Integrity



## Our Commitment to Our People and Our Clients

In our most recent materiality assessment, ethics and integrity were ranked as the most important issues by both our stakeholders and our people—they are at the core of 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 foundation. Establishing trust, accountability, and mutual respect within our workplace and in our client partnerships are paramount to our business.

## Focus Area Objectives

Our business ethics and integrity objectives continue to be:

- **Professionalism:** Promoting honesty, fairness, respectfulness, and professionalism as outlined in our General Standards of Conduct.
- **Welcome Workplace:** Fostering a safe, inclusive, and transparent workplace for our people.
- **Information Security:** Protecting our client partnerships by safeguarding confidential information, managing conflicts of interest, and always doing what is in our clients' best interest for the long term.

## Our Commitment to Ethics and Integrity

### LIVING BY OUR VALUES

ScottMadden firmly stands on our commitment to ensuring inclusive, equitable, and respectful treatment for everyone. We strive to create an environment that welcomes our whole selves and values the open exchange of ideas. While these values have always been part of our culture, in 2020, we updated one of our five values statements to address diversity, equity, and inclusion explicitly:

*We will maintain a challenging, diverse, and inclusive work environment centered on client success while promoting collegiality, creativity, responsibility, and an overall esprit de corps.*



MISSION



VISION



VALUES

*“The ScottMadden team brings a culture of professionalism and humble service to every engagement I have encountered with them. They are often the smartest and most experienced people in the room yet never grandstand or highlight their own contribution. Instead, they build trust and credibility by consistently serving the project and client relationships.”*

— Chief Operating Officer and Senior Vice President, CONSTELLATION



# Business Ethics and Integrity



## Our Commitment to Ethics and Integrity (Cont.)

### A SAFE, INCLUSIVE, AND TRANSPARENT WORKPLACE

In a year that challenged all organizations to think critically about workplace safety, our firm was no exception. While respectful behavior, non-discrimination, and anti-harassment continue to be points of emphasis in providing a safe workplace, ensuring our people's physical well-being has been at the forefront of our workplace safety priorities during the pandemic. In 2020, while most of our people were working remotely, we supported our team through means such as:



...  
**Providing frequent and transparent internal communications from our HR team and our CEO regarding the impacts of COVID-19 on the firm, reflections and responses to social injustice, and many other important and relevant issues**

**Conducting employee focus groups—including with working parents—to ensure we were keeping a pulse on the needs of our people who were facing challenging circumstances**



...  
**Providing assistance for purchasing home office equipment or materials**

Moving forward, we will continue to keep employee well-being front and center as it relates to any decision-making regarding the use of our office space and our consultant travel.

***“Perhaps the most important resource that ScottMadden brings to the table in [their] efforts is the relationship. The byproduct of those interactions was the establishment of an effective and gratifying working relationship that promotes inclusion and participation and is built on integrity, trust, and mutual respect for our mission. And the high quality work we have done together is reflective of that comfortable and beneficial rapport, our passion to do the right thing, and their capable facilitation. These relationships with ScottMadden are now long-term alliances, and are stronger than ever and, most importantly, they continue to bring measurable value to those served.”***

— President and CEO, MECKLENBURG ELECTRIC COOPERATIVE,  
and Chairman, OLD DOMINION ELECTRIC COOPERATIVE

# OUR MISSION, VISION, AND VALUES



## MISSION

ScottMadden is a general management consultancy established to provide high-quality, objective advice and support to help our clients solve their most difficult problems. In our work, we will always take the long view of the greater good for our clients.



## VISION

We will be known for the quality of our services and the integrity of our relationships. Our people are the foundation for this quality and integrity. The Firm and our culture are based on a mutual respect and trust for one another which drives client success. If our clients are successful, we will enjoy lasting and productive relationships with them.



## VALUES

Our success is the direct result of our people. The work of all employees will be guided by these values:

- We will be **accountable to our clients and each other** and operate in a manner that conveys 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 each be **stewards of ScottMadden's reputation**, and we will preserve and enhance it
- We will maintain a **challenging, diverse, and inclusive work environment** centered on client success while **promoting collegiality, creativity, responsibility, and an overall esprit de corps**

# Closing Message

## The Path Ahead

ScottMadden remains committed to corporate responsibility and sustainability. It is central to our strategy and operations. We are focused on our people, our clients, and our community. We will continue to monitor and manage our environmental, social, and governance policies and practices, as well as track and report on metrics to objectively evaluate our progress. Everything we are doing is built on our core values of respect, trust, service, and accountability.

We are proud of our accomplishments to date but recognize there remains room for improvement. We regularly review our progress and evaluate our direction. We expect to steadily improve but recognize the challenges we are facing.

Our updated Corporate Responsibility Report reaffirms 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.



# 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 United States, 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.



# 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. All data and metrics are from FY 2019 or FY 2020 as noted. In the future, we plan to report on specific goals in each focus area and highlight our progress toward achieving them.

## Summary of 2020 Results

Community Engagement		
<b>Metric</b>	<b>2019 Results</b>	<b>2020 Results</b>
Charitable giving as a % of revenue	0.1%	0.1%
Charitable giving per employee	\$280	\$286
Number of boards employees are members of	N/A	18
Employee Well-Being and Development		
<b>Metric</b>	<b>2019 Results</b>	<b>2020 Results</b>
Healthy lifestyle program participation (% who submitted or average reimbursement per employee)	N/A	72%
Headspace app participation rate	42%	56%
% of remote employees or project assignments	82.9	23.3
Mental health service utilization – medical plan	17.1	17.8
Average annual training hours per consultant	18.2	14.4
Average annual training hours per administrative staff	10.3	10.2
Diversity and Inclusion		
<b>Metric</b>	<b>2019 Results</b>	<b>2020 Results</b>
% female - leadership	18%	19%
% female - all employees	37%	37%
% female - new hires	44%	33%
% male - leadership	82%	81%
% male - all employees	63%	63%
% male - new hires	56%	66%
% minority - leadership	20%	19%
% minority - all employees	25%	24%
% minority - new hires	26%	15%
% non-minority - leadership	80%	81%
% non-minority - all employees	75%	76%
% non-minority - new hires	74%	85%



# Reporting Methodology

## Summary of 2020 Results (Cont.)

Diversity and Inclusion (Cont.)		
<b>Metric</b>	<b>2019 Results</b>	<b>2020 Results</b>
% not self-identified - leadership	0%	0%
% not self-identified - all employees	0%	0%
% not self-identified - new hires	0%	0%
% millennials/post-millennials (1981+) - leadership	13%	26%
% millennials/post-millennials (1981+) - all employees	52%	54%
% millennials/post-millennials (1981+) - new hires	63%	66%
% veterans - leadership	7%	8%
% veterans - all employees	6%	7%
% veterans - new hires	0%	15%
D&I training completion rate	N/A	97%
Inclusion survey response rate	N/A	85%
Environment and Emissions		
<b>Metric</b>	<b>2019 Results</b>	<b>2020 Results</b>
% emissions from Scope 1 (on-site gas heating)	1%	1%
% emissions from Scope 2 (purchased power)	18%	44%
% emissions from Scope 3 (business travel and employee commuting)	81%	54%
Flight emissions per employee (MT CO <sub>2</sub> e)	3.35	0.74
Vehicle emissions per employee (MT CO <sub>2</sub> e)	0.83	0.22
Emissions intensity per employee (MT CO <sub>2</sub> e)	6.80	2.32
Carbon offset per employee (MT CO <sub>2</sub> e)	8.34	6.50
Carbon equivalents avoided from composting (MT CO <sub>2</sub> e)	1.59	0.38
Waste diverted from landfills via composting (lbs.)	1,352.4	319.8
Data Privacy and Cybersecurity		
<b>Metric</b>	<b>2019 Results</b>	<b>2020 Results</b>
Security Awareness Training completion rate	100%	100%
% employees who signed Acceptable Use Policy	100%	100%
Business Ethics and Integrity		
<b>Metric</b>	<b>2019 Results</b>	<b>2020 Results</b>
% of employees acknowledging Workplace Conduct, Conflict of Interest, and Business Ethics policies	100%	100%

# Reporting Methodology

## Materiality Assessment

We continue to use ScottMadden's 2019 materiality assessment, which was designed and deployed by an internal team. In addition to the quantitative results shown 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	<b>Greenhouse gas emissions</b>	<b>4.45</b>	<b>4.05</b>	<b>4.17</b>	<b>3.18</b>	<b>3.52</b>	<b>3.58</b>
	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
	<b>Community engagement</b>	<b>4.57</b>	<b>3.87</b>	<b>3.98</b>	<b>3.66</b>	<b>3.5</b>	<b>3.85</b>
	Public policy engagement	4.5	3.23	3.36	3.54	3.2	3.26
	<b>Employee well-being</b>	<b>4.4</b>	<b>4.76</b>	<b>4.65</b>	<b>3.44</b>	<b>4.7</b>	<b>4.68</b>
	<b>Inclusion, diversity, and equal opportunity</b>	<b>4.46</b>	<b>4.47</b>	<b>4.42</b>	<b>3.99</b>	<b>4.41</b>	<b>4.28</b>
	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	<b>Business ethics and integrity</b>	<b>4.89</b>	<b>4.84</b>	<b>4.68</b>	<b>4.64</b>	<b>4.84</b>	<b>4.74</b>
	<b>Data privacy and cybersecurity</b>	<b>4.83</b>	<b>4.24</b>	<b>4.23</b>	<b>4.66</b>	<b>4.7</b>	<b>4.13</b>
	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 greenhouse gas (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 and 2020 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.

