



2021 Corporate Responsibility Report

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A Message from Our CEO

This note marks our third Corporate Responsibility Report. Our firm has adapted successfully to a changed business landscape. Our core values remain intact as we move deeper into 2022 and we remain committed and focused on Environmental, Social, and Governance (ESG) issues today and into the future.

As we mentioned in last year's report, we do not intend to repeat our materiality assessment on an annual basis. In late 2021, however, we did decide to undergo a new materiality assessment as a firm. Our last assessment had been completed three years earlier and given the seismic shifts in the world over that period, we decided now was the right time. We capture the findings of our assessment within this report. In summary, we learned that our focus areas as a firm are still important to our clients, the students at the schools where we recruit, and our employees. We did note an elevated emphasis for social and governance issues among all our stakeholder groups. Although repeating the materiality assessment did not cause us to rethink our ESG model or drastically change our approach, it did confirm our views and highlight specific areas and ways in which we can target further improvement.

We had a highly successful year in 2021 across all our focus areas. Our Community Engagement team continued our commitment to partnering with charities in our local communities. We were able to make meaningful contributions to each of our seven partners, and we also introduced virtual volunteering opportunities to allow our employees to participate in the format they felt most comfortable. In Employee Well-Being and Development, we continued to focus on wellness and expand our benefits. We developed a new leadership training program for our staff. Diversity and Inclusion remains a significant focus of our organization, and under the leadership of our Director of Diversity & Inclusion, our firm continues to make great strides. One specific accomplishment to note from 2021 was the development of our first Employee Resource Group (ERG). Due to its early success, we have already launched two more ERGs in 2022. Our Environment and Emissions team

continues to track and manage our carbon impact, and we have again offset all our identified carbon emissions from last year. We have a constant focus on Data Privacy and Cybersecurity, and we ensure our tools and practices are always up to date and our staff is trained and knowledgeable of their responsibilities. Finally, Business Ethics and Integrity remained the most important ESG focus area to both our employees and our outside stakeholders in our latest materiality assessment. Our priorities in 2021 included a renewed focus on safety and well-being in the hybrid workplace, business transparency, and protecting client information. These are just a few of our highlights from last year.



In 2021, just like every other year since ScottMadden was founded in 1983, we earnestly attempted to do what was 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 and the quality of our relationships and is grounded in our core values of respect, trust, service, accountability, and inclusion. 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 but are always pushing forward to do more. 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 team, clients, communities, and the environment.

Thank you for taking the time to read our report.

A handwritten signature in black ink, appearing to read 'Brad Kitchens', written in a cursive style.

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, nearly 25% of our staff live and 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 other **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.

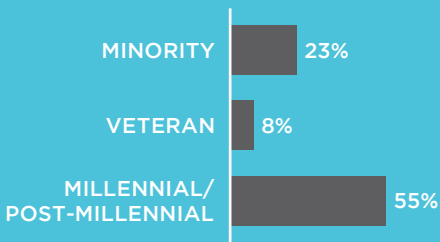
We provide guidance in a variety of industries from energy to healthcare to higher education to retail.



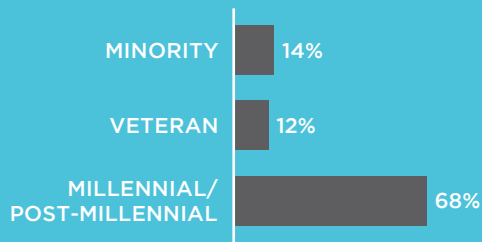
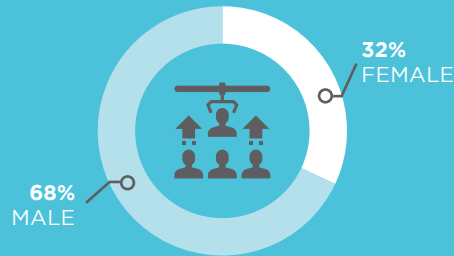
2021 at a Glance

A CULTURE THAT VALUES AND CELEBRATES OUR DIFFERENCES

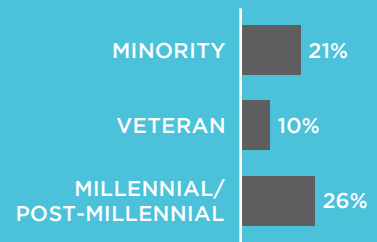
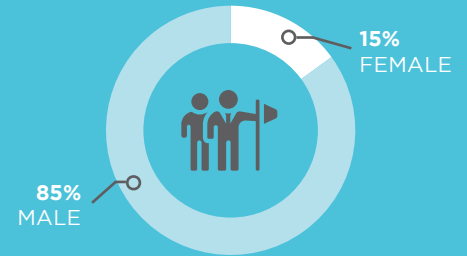
Our People



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



Carbon neutral

0.6

Metric tons of avoided CO₂ emissions from composting

\$374

Charitable giving per employee

Our Culture and Workplace



4:1

Consultant/partner ratio

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

100%

Employees signed Acceptable Use Policy

100%

Employees completed Security Awareness Training

Recognized as a Top Employer

Top Consulting Firm (Vault, 2021)

America’s Best Management Consulting Firms (Forbes, 2021)

Brad Kitchens was selected as one of Consulting Magazine’s 2021 Top 25 Consultants (U.S.)

This annually honors “the most influential consultants in the consulting profession—those individuals having the biggest impact on their clients, their firms, and the profession.” Brad was 2021’s sole honoree for Excellence in Energy.

Stakeholder Materiality

We continually assess our Environmental, Social, and Governance (ESG) priorities based on their importance to our business and our stakeholders.

Conducting a materiality assessment ensures ScottMadden's alignment to current global and industry-specific circumstances, which have been highly dynamic since our prior assessment in 2019. Our updated materiality assessment was conducted in Q1 2022 and afforded us the ability to reassess business risks and opportunities and improve upon our ESG and corporate strategy.

To deploy the survey, we continued to apply industry-leading practices and internal survey design expertise. We leveraged standards and guidance from the Global Reporting Initiative and the Sustainability Accounting

Standards Board when identifying specific metrics and administering the assessment. Relative to our 2019 survey, we expanded and refined our ESG indicators to better differentiate and define their characteristics. New indicators for 2022 included health and safety, company culture, conflicts of interest, board selection, and energy efficiency. Participants were asked to rank 27 unique ESG indicators based on the importance to them as individuals or an organization, as well as the importance to ScottMadden. We surveyed employees, prospective employees, and clients. We conducted interviews with a subset of participants from all stakeholder groups to gain further feedback following the survey.



Stakeholder Survey Participation

66%

of employees participated in the survey

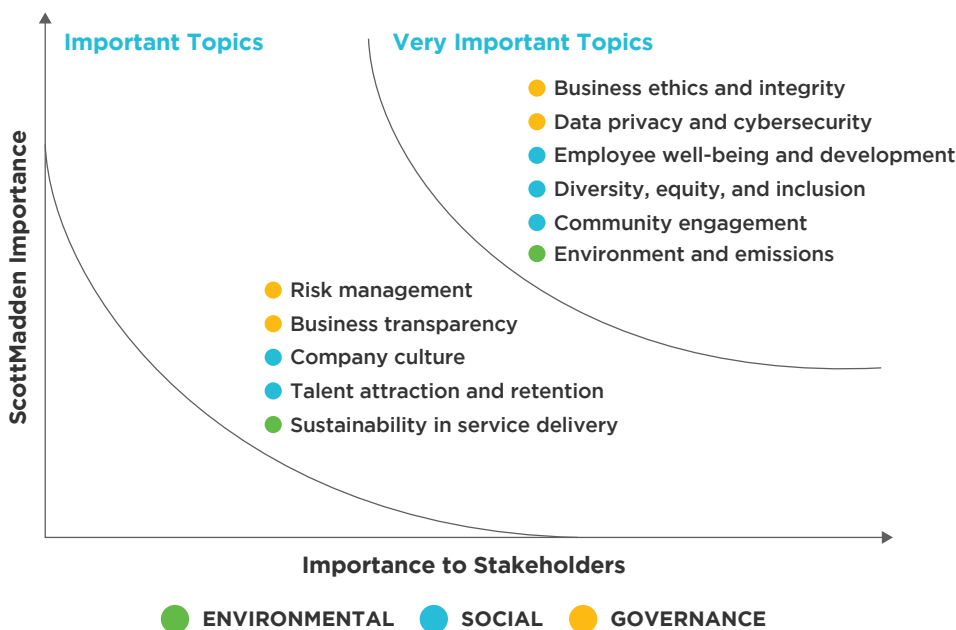
22

clients representing a diverse set of industries

3

schools participated in the survey

2022 Materiality Assessment Results



The Results

The results were clear in reinforcing the overall importance of ESG issues which was similarly prominent in our 2019 assessment. Consistent with our industry and our principal areas of influence, governance and social factors were commonly ranked as higher priorities. The topics identified as very important and important are highlighted in our materiality matrix.

In summary, our updated assessment yielded a clearer understanding of prioritized ESG efforts and allowed us to validate and advance the applicability of our six focus areas. We will utilize this Corporate Responsibility Report to detail these areas of focus and our activities of engagement.

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 and Community



Community Engagement



Through our giving and community engagement activities, we aim to add value to partner organizations in alignment with their missions and our firm's values.

Committed to Our Communities

We continue our commitment to partnering with charities and non-profit organizations dedicated to achieving positive outcomes in our local communities. When selecting partner organizations, we listen to employee input and respond to high-impact events and emergent situations as they arise. Our charitable giving supports the following areas:

- **Education Access** — We are committed to constant learning and are working to broaden access to high-quality educational resources that can make a difference in the lives of children and adults.
- **Environment** — We aim to support local and national conservation and decarbonization efforts, thus contributing to a safer and more resilient planet for future generations.
- **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.



Looking forward to 2022, we have plans to offer a wide range of both in-person and virtual opportunities for our employees to give back to their communities. As we become more comfortable with in-person events, we plan to schedule at least one in-person volunteer event in our Raleigh and Atlanta offices to allow our employees to come together with their coworkers and make a difference in their communities.

Fostering Our Partnerships

Some of our Raleigh colleagues visited Healing Transitions, one of our community partner organizations. Healing Transitions believes that all people struggling with addiction (especially the homeless, uninsured, and underserved) deserve services on demand—as many times as it takes—to find recovery. They never turn away anyone seeking help. Healing Transitions operates both men's and women's campuses tailored to serve their unique needs.

During their tour, our group stopped for a photo op in front of a mural in the courtyard. This symbolic display of Healing Transition's mission was created by a local artist and represents the barrier their residents face with a door to cross through at the end of their program. At the end of the tour, the group also donated items needed for successful operation of their campuses that included things such as hats, gloves, scrubs, and toiletries.



2021 was a great year for giving back. While supporting our communities has always been important to our firm, we are proud to be in our third year of evolving partnerships with our community partner organizations to continue building long-term relationships that enable us to make an ongoing, measurable impact. With the support of our employees, ScottMadden made meaningful contributions to all our seven community partner organizations. In addition to monetary company contributions, we also supported each partner organization through volunteer activities, essential supplies, and holiday wishlist items.



Community Engagement



Volunteering Virtually

Navigating the COVID-19 pandemic in 2021 required adaptability to provide community assistance safely and in a meaningful way. We aimed to find opportunities for our employees to participate in community engagement in the format they felt most comfortable. In 2021, we provided additional opportunities for virtual volunteering, while still offering ample opportunity for our employees to make an impact. We reduced our in-person events but continued and increased our charitable giving.

ScottMadden employees volunteered with the United Way of Atlanta's Volunteer Income Tax Assistance program to support tax preparation for participants below a certain income threshold. Employees were able to choose either in-person or virtual tax preparation, resulting in more than 20 hours of volunteer time. We prepared more than 20 tax returns for Atlanta residents, including teachers, nurses, small business owners, veterans, first-generation immigrants, and retirees.



Joining Forces for Our Community

At our annual firm meeting, we hosted a representative from the Urban Ministries of Durham (UMD) to discuss the organization's mission and impact in the community. UMD is an organization that connects with the community to end homelessness and fight poverty by offering food, shelter, and a future to neighbors in need.

To offer our support, our employee teams raced against each other to assemble personal hygiene kits for donation to UMD. Teams worked to solve trivia questions to receive one bulk item at a time for the hygiene kit assembly. Together, we assembled more than 1,000 personal hygiene kits that went directly to the UMD to be distributed throughout the community.



“ScottMadden has been an engaged partner and generous supporter of Urban Ministries of Durham. We are grateful for their support, which has allowed us to fulfill our goals of providing food, shelter, and a future to members of our community in need.”

**— Director of Marketing and Development,
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 and development 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. Culture** — Creating a positive work environment where team members can engage and are driven by a sense of purpose.
- 4. 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

ADVANCING EMPLOYEE WELLNESS

We support physical, mental, financial, and emotional wellness. We recognize that our people often work in highly challenging, stress- and anxiety-inducing environments. Providing health benefits and lifestyle programs that further the physical health and safety of employees is fundamental to maintaining life balance and a high level of performance. Empowering our team with tools to cope with everyday challenges in healthy and productive ways ensures happier, healthier, safer, and more engaged employees. 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.

WELLNESS BENEFITS AND PROGRAMS

- Our **health benefits** include competitive medical, dental, vision, and pre-tax savings benefits in addition to life, accidental death, and long-term disability plans.
- ScottMadden provides an annual stipend to team members through our **Healthy Lifestyle Reimbursement Program** to promote physical activity, allowing our people to save on associated costs. This program provides the flexibility to choose how to stay active based on what best fits for each team member's lifestyle.
- Team members have premium access to **Headspace**, a convenient app offering guided meditations to reduce stress, increase focus, and improve grounding on challenging days.
- A **Mindfulness-based Stress Reduction** course is 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.
- We continue to provide **profit sharing** to all employees and offer a diverse choice of investment options.

EMPLOYEE BENEFITS

We are continually assessing the benefits we provide our team members and review them annually to determine any improvements. In 2021, we made the following changes to the benefits provided:

- Increased infertility benefit from \$10,000 to \$15,000
- Increased physical and occupational therapy benefit from 30 to 60 visits per year
- Provided all staff eight hours of paid time off to engage in volunteer activities of their choice
- Provided an additional home office stipend of \$1,000
- Provided up to 24 hours of employee bonus for training

Looking forward into 2022, we plan to use the results of the materiality assessment and employee feedback to inform benefit adjustments.

Employee Well-Being and Development



Taking Care of Our Team (Cont'd)

MAINTAINING FLEXIBILITY

Our firm recognizes the need to offer team members flexible policies and resources to enable productive working environments. Over the past few years, life and work became more intertwined as we shifted to a hybrid work environment for client support. To ensure employees have the tools necessary to best serve our clients in a hybrid work environment, the firm provided an additional stipend to help cover the costs of vital home office equipment and supplies. Additionally, the firm has increased the amount of PTO hours that can be rolled over each year and an additional floating holiday so that employees can manage their work and personal schedules to best accommodate their own needs, family, and client commitments. We will continue to investigate policies that support our employees while supporting clients' needs.

“The professionals at ScottMadden were invaluable in the development of many corporate initiatives and strategic plans. Their candid and honest assessments and working culture sets them apart in the industry.”

— EVP and COO, ITC HOLDINGS

STRENGTHENING OUR CULTURE

ScottMadden values the need to network and socialize among firm colleagues. We encourage our team members to interact, learn, and laugh with each other. We hold an annual all-hands meeting for all employees to hear from leadership about the direction of the firm, learn valuable skills for client engagements, connect with colleagues, and enjoy the culture that makes ScottMadden special. Additional annual events include a town hall, holiday parties, and female consultant dinner.

Furthermore, ScottMadden brings our positive workplace culture to each and every client engagement.



Nurturing Our Talent

ENHANCING TRAINING AND DEVELOPMENT

Our people are our greatest asset. We seek and hire exceptional talent who are intellectually curious and motivated to develop personally and professionally. Supporting training and development enables our people to grow, learn, and nurture a sense of purpose.

Our approach to development is based on the belief that we learn best by doing. Working in small teams, led by seasoned consultants on high-impact client projects, creates the best conditions for putting developmental concepts into action. Receiving support and immediate feedback from team members both accelerates development and prepares us for our next steps.

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.

Employee Well-Being and Development



Nurturing Our Talent (Cont'd)

SPONSOR PROGRAM

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.

SCOTTMADDEN LEARNING

ScottMadden Learning was launched two years ago to provide an expanded, flexible training curriculum.

Finally, 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.

Recommended courses are provided through curated, on-demand online sessions with recommendations based on job level and competency. People are also free to key-word search and view the thousands of video courses available on LinkedIn Learning.

Broadening awareness and understanding of the value of creativity was the focus of the 2021 training program.

TARGETED TRAINING NEED

Based on feedback from managers, we identified the need for training targeted at the transition consultants make when they are promoted from senior associate to manager. This is the point where they begin the transition from performing as a sole contributor to managing the performance of others. It can be an abrupt transition.

Based on the success of our internally developed leadership development program, we designed a similar program to address key aspects of the transition. Partner relationship, project management, and team dynamics were included in the program. Plans were completed in 2021 with the program to be piloted in early 2022.

For 2022, three objectives were established:

1. Enhance the integration and ramp-up of experienced hires, with a particular focus on project deliverable creation.
2. Offer corporate training to occur throughout the year instead of primarily in the fourth quarter.
3. Analyze consultant performance trends and identify development needs by role.



SCOTTMADDEN
LEARNING



17

**Average training hours
for employees in 2021**



10,300

**LinkedIn Learning videos
viewed in 2021**

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.

Realizing Our Vision

Diversity and inclusion (D&I) is an integral part of our firm's overall business strategy and continues to be driven by focusing on the following three areas:

1. **Communications, Education, and Awareness**
2. **Talent Attraction and Retention**
3. **Networking and Outreach**

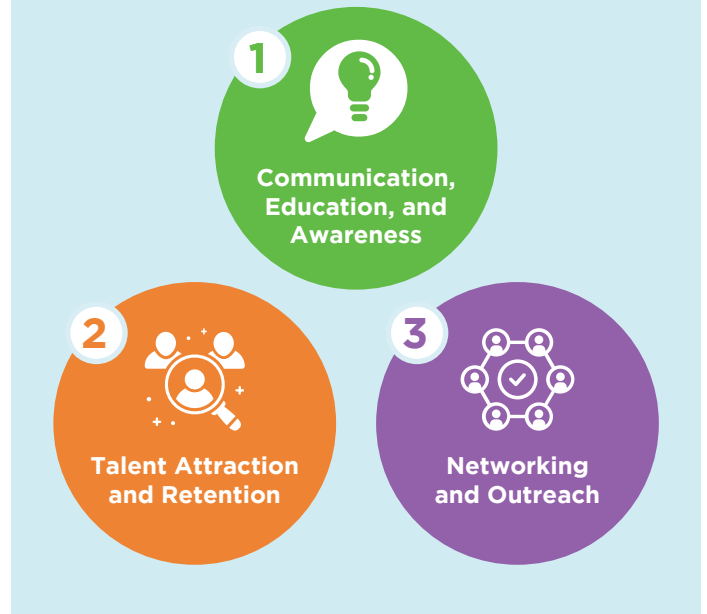
COMMUNICATION, EDUCATION, AND AWARENESS

Creating a culture of inclusion through education and activities that increase awareness of our firm's diversity.

Allyship Training: The entire firm participated in an allyship workshop during the firm's annual meeting. The session focused on understanding (defining) allyship and how it can advance inclusion within our firm. After walking through the foundations of allyship, we facilitated an interactive exercise which allowed small focus groups to connect and continue a deeper conversation on how to continue learning, engaging, understanding, and most importantly, acting as allies.



Diversity and Inclusion Areas of Focus



Small Table Talks: Throughout the year, we facilitated intimate employee focus groups which we have titled "Small Table Talks." During these sessions, we bring together small groups of employees to dig deep on D&I topics such as unconscious bias and mental health awareness. We also used small table talks to continue the conversation on allyship.

Communications and Awareness Site: Our internal D&I website continued to grow in 2021. We use this site as a communications channel between the D&I team and the firm. The site is a platform to highlight D&I activities, cultural events, and employee spotlights. Most importantly, the site contains a wealth of curated knowledge on a variety of D&I topics to continue education beyond formal organized training.

Process Review: Additionally, during 2021, we engaged a team to conduct an internal review of our firm's core processes (talent acquisition, growth, and development). Our objective was to identify opportunities to remove bias and enhance inclusion and effectiveness.

Diversity and Inclusion



TALENT ATTRACTION AND RETENTION

Increasing and maintaining diverse talent within our firm.

Attract and Retain: In 2021, 53% of our new hires represented diverse dimensions such as females, people of color, and veterans (up from 44% in 2020). This new hire percentage increases to 67% if we include our interns. Our strategic focus areas for 2022 include continuing to build our partnerships with historically black colleges and universities (HBCUs); targeting an increase in women and especially women within our Energy practice; and increasing African American and Hispanic recruitment.

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 awarded the scholarship to two students in 2021. We will award this scholarship to two students again in 2022.

HBCU Partnerships and Internships: In 2021, we engaged in a corporate partnership with Morehouse College, and we are eager to establish partnerships with other HBCUs. We work closely with these colleges as well as other universities and organizations to network, build awareness about opportunities in consulting, and offer internships.

2021 CLIENT CASE STUDY

In addition to our internal focus on D&I, ScottMadden supports our clients in developing and executing D&I strategies. ScottMadden supported a multi-year effort to design and implement a focused enterprise-wide D&I strategy for an organization of approximately 10,000 employees. This effort involved working with teams throughout the organization to develop and align on enterprise and department-level D&I objectives and action plans. In parallel, ScottMadden supported the creation of an enterprise executive D&I council to champion, advise, and oversee enterprise D&I initiatives. In support of the client's D&I efforts, ScottMadden also assisted in the development and external publishing of its first-ever D&I report.

NETWORKING AND OUTREACH

Building our internal network, as well as extending our diversity and inclusion exposure beyond our firm.

Employee Resource Groups (ERGs): ERGs create opportunities for fellowship, mentoring, development, and feedback, as well as a space for employees to build and sustain inclusion. We launched our first ERG in 2021, Women@ScottMadden, and grew the membership to more than 50. Looking ahead to 2022, we are proud to be able to introduce a total of three ERGs. The ERGs, their missions, and examples of activities are noted below:



Women@ScottMadden fosters personal and professional development as well as amplifies the voices of all women at ScottMadden.

- **Speed networking** – Women and allies had the opportunity to get to know each other better through quick-fire networking rounds over charcuterie and wine. The ERG set up both in-person and virtual participation capabilities.
- **Golf lessons** – A group of members in the Atlanta office met at a local golf course to get professional golf lessons and build relationships outside the office.



Veterans' Employee Resource Group (VERG) maximizes the professional relationship potential between the firm, veterans, and non-veterans.

- **"Physical training"** – A morning of modified "boot camp" activities and discussions to appreciate and reflect on our armed services.
- **Memorial Day** firm messaging and education.



The Village (Working Parents and Care Givers) provides a safe collaboration space for support and advocacy on topics related to working parents and caregivers.

- **Partner spotlights** – Partners who are working parents and caregivers share intimate stories, tips, and tricks on balancing being a working parent or caregiver while consulting.
- **Monthly member** discussions, networking, and knowledge sharing.

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 reinforced by our recent materiality assessment, environmental issues continue to be of importance to our internal and external stakeholders.

The topics of highest relative importance include climate change impacts, greenhouse gas emissions, sustainability in service delivery, and energy efficiency. We are taking direct actions to address these priority environmental topics amongst our staff, clients, and the communities in which we live and work.


2021 Highlights

We continued our efforts to minimize and mitigate our own emissions and environmental footprint.

- Since implementation in 2018, we have continued to offset 100% of the carbon emissions generated from our annual operations. ScottMadden remains committed to offset 100% of its emissions and is proud to support clean energy projects across the globe.
- We have maintained and promoted the composting programs in our Raleigh and Atlanta offices, which were implemented in 2018 and 2019, respectively, in an effort to reduce our office waste.

We invested in employee and company technology to enable our firm to continue to provide a high level of service to our clients without carbon-intensive travel.


- We granted employee stipends to support home-office investments to better enable delivery of our core services and accommodate reduced travel requirements.
- We expanded access to new software and virtual tools to enhance our firm’s remote capabilities and minimize operational impact among clients.

OFFSET

429 Metric Tons

of carbon dioxide equivalent emissions



OFFSET

100%

of carbon emissions from our 2021 operations

We grew our climate and environment work both within our ESG practice and across other areas of the business.

- We expanded our “E” service offerings to reflect our increasing capabilities associated with decarbonization strategy, renewables enablement, electric vehicle (EV) adoption, beneficial electrification, and carbon accounting.
- We fostered dialogue to better understand our employees’ and clients’ perspectives and priorities on environmental issues that impact our businesses, our local communities, and our planet.



2021 Carbon Tracking

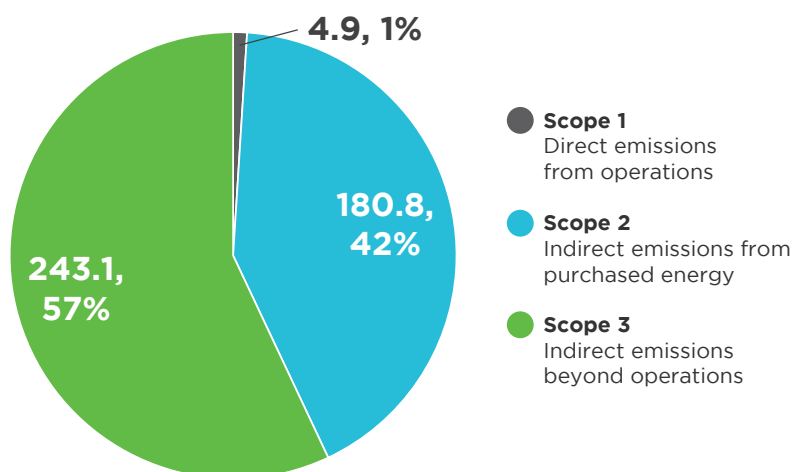
In 2021, we continued our efforts to minimize and mitigate our own emissions and environmental footprint while navigating the return of business travel from the 2020 COVID-19 pandemic travel restrictions.

ScottMadden's 2021 Scope 1, 2, and 3 CO₂ emissions totaled 429 metric tons, calculated in compliance with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. This represents a 12% increase from 2020, yet a 63% decrease from 2019 emission levels (i.e., pre-pandemic).

While Scope 3 emissions continue to account for most of our company emissions at 57%, we have incorporated lessons from the COVID pandemic into our business model to be more thoughtful about travel in support of our clients' needs. We have been able to effectively reduce travel across the firm and better tailor our on-site presence to best meet our client needs, which generates benefits for the planet (reduced emissions), our clients (cost savings), and employees (improved work-life balance). Of note, we have seen the greatest reduction in travel-related emissions from our consultants at the manager level and below who accounted for 28% of Scope 3 emissions in 2021, a decrease from their 45% contribution to Scope 3 emissions in 2019 and 2020.



2021 Emissions (Metric Tons)



2021 CLIENT CASE STUDY

ScottMadden assisted a large power company in developing its net-zero-carbon strategy, including identification of carbon levers and pathways to achieve target reductions. Our analysis evaluated the implications of myriad decarbonization policy scenarios and the feasibility and economics of supporting technologies. Our work led to client efforts that better integrated decarbonization into the near-term (business planning) and long-term (resource planning) processes to ensure decarbonization value is captured and the company's net-zero goals are realized.



Our Governance

02

Investment Funds
No. 123456

03

Investment Funds
No. 123456

Business Ethics and Integrity



Our Commitment to Our People and Our Clients

After completing a refresh of our materiality assessment, business ethics and integrity ranked again as the most important ESG indicator by employees and our outside stakeholders—an affirmation that *how* we conduct our work is as important as the business results we deliver.



Our 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.



Our 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.



Our 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**



Anchored by Our Policies and Standards

Our policies and professional standards codify the core tenets of our vision, mission, and values. Upon joining ScottMadden, every new hire is required to read and sign our employee handbook, which contains our general standards of conduct. In addition, all employees are required to review and acknowledge our general standards of conduct annually. Observance of these standards and expectations, as well as our non-harassment and safety and security policies, will help ensure that our workplace remains a safe and desirable place to work.

Metric	2020	2021
% of employees acknowledging workplace conduct, conflict of interest, and business ethics policies	100%	100%

Business Ethics and Integrity

Our Commitment to Ethics and Integrity



SCOTTMADDEN STANDARDS OF CONDUCT

Specific topics covered include, but are not limited to, workplace conduct, conflicts of interest, and business ethics. The policies state that we work honestly, fairly, and respectfully with one another and others associated with the firm. Professional behavior is always expected of us, 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 D&I efforts 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.



Managing Enterprise Risk

We take a short- to long-term view of enterprise risk and evaluate it across a variety of categories. These risk categories include, but are not limited to, cybersecurity, legal, financial, market, and employee health. In 2020, we formed a committee to review these risk categories and, where appropriate, determine mitigation strategies. This committee continues to meet on roughly a monthly basis to assess risks and related issues. Additionally, in 2021 we transitioned the role and title of one of our partners to “Partner, Finance and Risk” to formally align a leader with the risk management function.

2021 Priorities

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

Continuing Where We Left Off in 2020

While encouraging honesty, fairness, respect, and professionalism is a continued point of emphasis at ScottMadden, in 2021 we doubled down on several priorities from 2020. These priorities included a renewed focus on safety and well-being in the hybrid workplace, business transparency, and protecting client information.

Safety and Well-being in the Hybrid Workplace

In our 2020 report, we indicated that we would continue to keep employee well-being front and center concerning any decision related to the use of our office space and our consultant travel, and we meant that.

We believe that in-person interactions are key to preserving our culture—a differentiator for ScottMadden—over the long term. However, above all else, we prioritize responsible and safe decision-making regarding return to in-person work or travel. In 2021, our HR team continued to provide frequent communications about the impact of COVID-19 on the firm and helpful resources and benefits available for those impacted by the virus. Furthermore, we continued to evolve and communicate return-to-work guidelines to account for immediate health risks, as well as our clients’ business needs and workplace safety guidelines.

As remote work continued to play a prevalent role in 2021, we continued to adapt our ways of working. Recognizing that remote work will continue to impact how we deliver services to our clients, we supported our employees by:

- Providing employees with **assistance to purchase equipment** for enhanced remote work
- Establishing **remote consulting standards, guiding principles, and training**
- **Offering new, upgraded analytics and technology suite offerings** for our consultants
- **Conducting pulse surveys** to better understand employee needs in the current work environment
- **Communicating mental health resources and promoting mental health awareness** to assist employees who may be feeling burnout from remote work or “Zoom fatigue”

“ScottMadden not only knows [our] industry but knows the key leaders and organizations impacting our business and climate. I have found that they quickly establish a solid rapport and trust with our leadership team, stakeholders and employees. Their guidance and insights allowed us to expedite the creation of our strategic plan and immediately begin executing it. We highly value ScottMadden’s expertise and guidance, but more than that, their ability to communicate, build trust, and guide us through execution has been critical to our success.”

— CEO, CIPCO



Business Transparency

In addition to consistently communicating and publishing return-to-work guidelines throughout 2021, our firm leadership remained committed to providing transparent communication across other facets of our business operations and ESG focus areas.

Reflecting the natural linkage between transparency and leadership, in 2021, ScottMadden was recognized in Vault's survey as one of the top consulting firms for firm leadership.



2021 Vault Rankings

#7 Best Consulting Firms for Firm Leadership

In 2021, we surveyed and engaged our employees on our firm's strategy and used their input to inform a refresh of our five-year strategic plan. After building the new five-year strategic plan, employees were directly engaged in execution activities and kept informed of progress on the resulting strategic initiatives.

Additionally, and as an example of our communication and transparency, the first Friday of each month ("First Friday") is designed to share critical firm information to employees with sessions ranging from topics on benefit plans, 401k investment options and strategies, financial operations, D&I activities, and employee spotlights, just to name a few. One of the firm's mantras is "treat adults like adults," and our level of communication and transparency is reflective of that.

Protecting Client Information

As discussed in our data privacy and cybersecurity focus area, we recognize the imperative of ensuring our clients' data remains protected and secure. In November, we launched client data retention training required for all employees, which included standardized procedures and access controls for safeguarding client data. We remain committed to monitoring and improving our data retention procedures and policies on an ongoing basis to stay current with leading practices and standards.

Select 2021 First Friday Topics





Data Privacy and Cybersecurity

Staying Ahead of the Digital Curve

A top priority is securing our client data while protecting their privacy.

We protect our company data by promoting awareness and remaining vigilant against cyber threats. This focus 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 Information Security Program (ISP) and Security Awareness Training ensure we remain vigilant in our approach to cybersecurity and data privacy.

Our 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 active employees are required to complete our annual Security Awareness Training. For 2021, 100% of ScottMadden's employees and contractors completed this curriculum, which includes modules relevant to current security needs that are reviewed and modified annually. Employees and contractors are periodically presented with test "threats" via email, and we are seeing significant improvement in results. We are continually upgrading our tools and technologies targeted at protecting our systems from cyber threat, and we are constantly working to stay ahead of the curve.

Additionally, we maintain a Cybersecurity and Operational Technology Center of Excellence (CoE) to deepen our expertise and offerings in managing cyber risk. This CoE supports our work delivering cybersecurity and operational technology services to our clients. We continually develop our capabilities and have acquired industry experts with technical knowledge and expertise in these areas.



100%
OF EMPLOYEES
completed Security
Awareness Training



100%
OF EMPLOYEES
signed Acceptable
Use Policy



Our Commitment to Corporate Responsibility and Sustainability

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 practice, as well as track and report on metrics to objectively evaluate our progress. Everything we are doing is built on our core values, and we will always strive to move forward with respect, trust, service, and accountability.

We are proud of our accomplishments but understand 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 annual Corporate Responsibility Report again 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.



Reporting Methodology

Reporting Process

ScottMadden did not adhere to a single reporting framework while preparing this report but followed standards and guidance from the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) when identifying specific metrics and administering the assessment. Contents were guided by the results of our materiality assessment and available quantitative data. All data and metrics are from FY 2019, FY 2020, and FY 2021 unless otherwise noted.

Summary of 2021 Results

Community Engagement			
<i>Metric</i>	2019	2020	2021
Charitable giving per employee	\$280	\$286	\$374
Charitable giving as a % of revenue	<1%	<1%	<1%
Number of boards employees are members of	n/a	18	n/a ¹
Employee Well-being and Development			
<i>Metric²</i>	2019	2020	2021
Healthy lifestyle program participation (% who submitted or average reimbursement per employee)	n/a	72%	75%
Headspace app participation rate	42%	56%	53%
Mental health service utilization - medical plan	17.1%	17.8%	22.0%
Average annual nights out per consultant	82.9	23.3	7.6
Average annual training hours per employee	17.1	13.8	12.4
Average annual training hours per consultant	18.2	14.4	12.8
Average annual training hours per administrative staff	10.3	10.2	9.6
Diversity and Inclusion			
<i>Metric</i>	2019	2020	2021
% female - leadership ⁷	18%	19%	15%
% female - all employees	37%	37%	35%
% female - new hires	44%	33%	32%
% male - leadership	82%	81%	85%
% male - all employees	63%	63%	65%
% male - new hires	56%	66%	68%
% minority - leadership	20%	19%	21%
% minority - all employees	25%	24%	23%
% minority - new hires	26%	15%	14%
% non-minority - leadership	80%	81%	79%
% non-minority - all employees	75%	76%	77%
% non-minority - new hires	74%	85%	86%

Reporting Methodology

Summary of 2021 Results (Cont'd)

Diversity and Inclusion (Cont'd)			
Metric	2019	2020	2021
% not self-identified ³ - leadership	0%	0%	0%
% not self-identified ³ - all employees	0%	0%	0%
% not self-identified ³ - new hires	0%	0%	0%
% millennials/post-millennials (1981+) - leadership	13%	26%	26%
% millennials/post-millennials (1981+) - all employees	52%	54%	55%
% millennials/post-millennials (1981+) - new hires	63%	66%	68%
% veterans - leadership	7%	8%	10%
% veterans - all employees	6%	7%	8%
% veterans - new hires	0%	15%	12%
Inclusion survey response rate ⁴	n/a	85%	n/a
Environment and Emissions			
Metric	2019	2020	2021
% emissions from Scope 1 (on-site gas heating)	1%	1%	1%
% emissions from Scope 2 (purchased power)	18%	44%	42%
% emissions from Scope 3 (business travel and employee commuting)	81%	54%	57%
Flight emissions per employee	3.35 MT CO ₂ e	0.74 MT CO ₂ e	0.75 MT CO ₂ e
Vehicle emissions per employee	0.83 MT CO ₂ e	0.22 MT CO ₂ e	0.18 MT CO ₂ e
Emissions intensity per employee	6.80 MT CO ₂ e	2.32 MT CO ₂ e	2.27 MT CO ₂ e
Carbon offsets purchased ⁶	1,726 MT CO ₂ e	1,346 MT CO ₂ e	429 MT CO ₂ e
Waste diverted from landfills via composting	1,352.4 lbs.	319.8 lbs.	496.0 lbs.
Carbon equivalents avoided from composting	1.59 MT CO ₂ e	0.38 MT CO ₂ e	0.56 MT CO ₂ e
Data Privacy and Cybersecurity			
Metric	2019	2020	2021
Security Awareness Training completion rate	100%	100%	100% ⁵
% employees who signed Acceptable Use Policy	100%	100%	100%
Business Ethics and Integrity			
Metric	2019	2020	2021
% of employees acknowledging workplace conduct, conflict of interest, and business ethics policies	100%	% 100%	100%

Notes on metrics:

¹"Number of boards employees are members of" data not collected in 2021; it will be collected in future years.

²"D&I training completion rate" was not collected in 2021; the training was previously conducted by an outside vendor and not repeated. Future reports may include this metric if applicable.

³"% not self-identified" refers to employees who chose not to self-identify ethnicity or race.

⁴Inclusion survey conducted every other year.

⁵Active employees only (excludes those who were on extended leave of absence).

⁶Metric reflects total carbon offsets for the company and replaces the metric for carbon offsets per employee.

⁷Leadership includes partners and directors.

Reporting Methodology

Materiality Assessment

ScottMadden's 2022 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 in the three stakeholder groups (clients, employees, and students). 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	Climate change impacts	4.32	4.16	4.24	2.91	3.68	3.71
	Energy efficiency	4.00	4.06	4.29	2.95	3.73	3.74
	Supply chain sustainability	4.00	3.86	3.90	3.68	3.66	3.48
	Sustainability in service delivery	4.27	3.79	3.55	3.64	3.93	3.40
	Greenhouse gas emissions	4.18	3.92	4.02	3.09	3.55	3.55
	Waste management	3.73	3.97	4.05	2.91	3.11	3.40
	Water use	3.59	4.02	3.95	2.50	3.11	3.38
Social	Company culture	4.77	4.49	4.55	3.32	4.63	4.62
	Brand reputation	4.73	4.39	4.00	4.05	4.69	4.07
	Health and safety	4.82	4.10	4.17	4.55	4.02	4.10
	Employee well-being	4.36	4.66	4.57	3.18	4.48	4.43
	Diversity, equity, and inclusion	4.50	4.35	4.17	4.18	4.34	4.05
	Employee training and development	4.27	4.40	4.40	3.14	4.60	4.33
	Talent attraction and retention	4.32	4.42	4.05	2.91	4.71	4.05
	Community engagement	4.50	3.73	3.86	2.95	3.37	3.69
	Parental leave	3.55	3.82	4.21	2.00	3.72	3.98
	Philanthropy	3.82	3.57	3.60	2.50	3.16	3.26
Public policy engagement	3.91	3.12	3.38	2.77	3.05	3.05	
Governance	Business ethics and integrity	4.86	4.73	4.64	4.55	4.68	4.62
	Customer satisfaction	4.59	4.56	4.17	4.32	4.76	4.17
	Data privacy and cybersecurity	4.82	4.15	4.19	4.68	4.57	4.07
	Business transparency	4.05	4.29	4.36	3.77	3.94	4.43
	Risk management	4.50	3.98	3.83	4.00	4.24	3.83
	Conflicts of interest	4.18	3.95	3.90	3.91	4.08	3.81
	Corporate governance	4.41	4.02	3.88	3.36	4.05	3.95
	Labor rights	3.91	3.85	4.05	3.55	3.70	4.12
	Board selection	3.86	3.44	3.55	2.59	3.66	3.55

Reporting Methodology

Carbon Reporting

For the calendar year 2021, ScottMadden utilized the same carbon accounting model as in our 2019 and 2020 Corporate Responsibility Reports with minor refinements to more accurately assess emissions associated with employee ridesharing, air, and rail travel. These changes had no material impact on overall firm emissions for 2021 or as reported in prior years and reflect our continued efforts to ensure our carbon reporting accurately reflects the full extent of firm activities.

In 2019, Lucideon CICS was contracted to provide limited assurance verification of ScottMadden's GHG emissions reporting under operational management control criteria. Lucideon verified ScottMadden's 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, as collected via employee survey data, included emissions generated from air travel, rental cars, personal vehicle mileage, and employee commuting.

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 2020 and 2021 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.

