



2022 Corporate Responsibility Report

Table of Contents

Introduction

A Message from Our CEO	3
About ScottMadden	4
2022 at a Glance	5

Our People and Community

Community Engagement	8
Employee Well-Being and Development	12
Diversity and Inclusion	14

Our Planet

Environment and Emissions	19
---------------------------	----

Our Governance

Business Ethics and Integrity	22
Data Privacy and Cybersecurity	25
Our Commitment to Corporate Responsibility and Sustainability	26

Reporting Methodology

Reporting Process	27
Materiality Assessment	29
Carbon Reporting	30
Forward-Looking Statements	30



A Message from Our CEO

At ScottMadden, we are committed to ensuring corporate responsibility guides our business strategy and operations to ensure accountability for the care and well-being of our employees, the environment, and the communities and clients we serve. This annual Corporate Responsibility Report details the actions we took in 2022 to address important societal and environmental sustainability issues that are material to our business operations and stakeholders.

As noted in last year's report, in Q1 2022, we conducted the firm's second materiality assessment. We surveyed employees, clients, and prospective hires to assess the firm's operational impacts and inform our sustainability strategy. The results validated the corporate responsibility focus areas we identified from our first materiality assessment in 2019 and guided advancement and prioritization of supporting activities for the year. In this report, you will see examples of our efforts to improve the lives of our employees and those surrounding them.

We had a highly successful year in 2022 across all our focus areas. Of note, we are excited to share the launch of two new employee resource groups—Veterans (VERG) and Working Parents and Caregivers (The Village)—to further foster connection and community among staff across meaningful topics. Additionally, we continued to focus on wellness and expand employee benefits, including increased parental leave to 16 weeks and the ability to roll over up to 40 hours of PTO each year. The Community Engagement team continues the firm's commitment to partnering with charities in our local communities. We are excited to share details of our return to in-person community engagement events and activities. The Environment and Emissions team continues to track and manage the firm's carbon impact, and we have again offset all identified carbon emissions from 2022. These are just a few highlights from last year.

We are proud of what we have accomplished but are always pushing forward to do more. Of note, we have initiated efforts to expand and enhance corporate responsibility governance to increase partner leadership and are additionally establishing a Cybersecurity Center of Excellence to deepen our expertise and offerings in managing cyber risk.

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 the firm's core values of respect, trust, service, accountability, and inclusion. 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 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 the **Boston Area**. In addition, in keeping with our commitment to providing our people flexibility, nearly 27% 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 of our consultants.



Energy

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

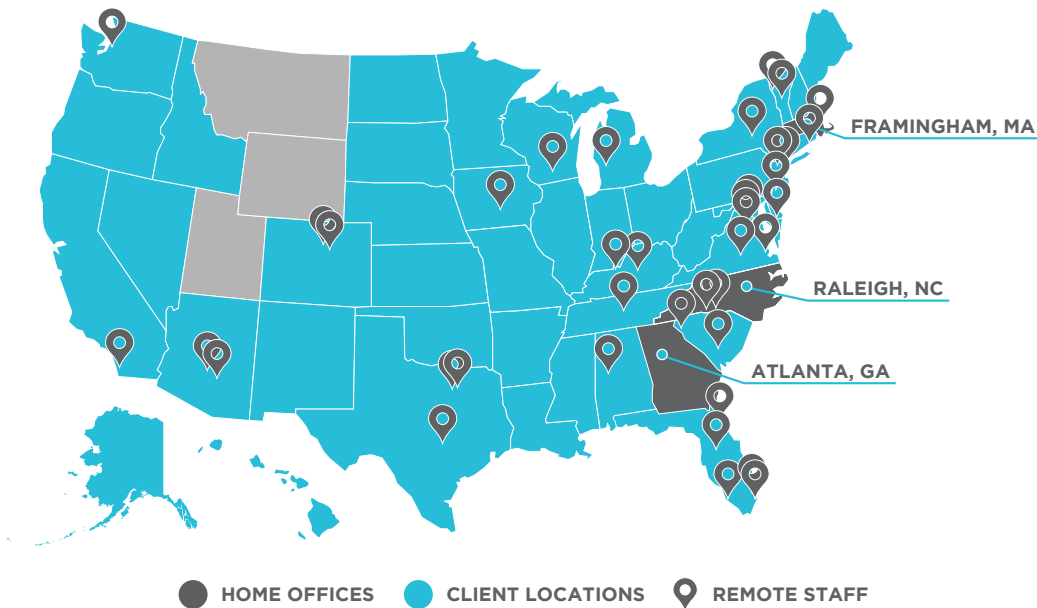
We have worked in every business unit and every department across companies in the energy utility ecosystem.



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.



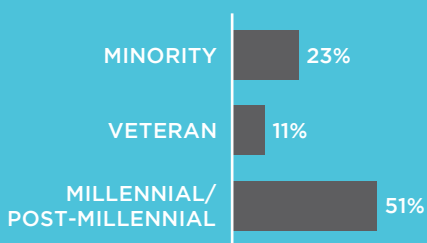
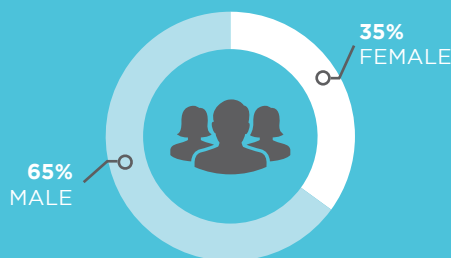
OTHER LOCATIONS

- ARUBA
- AUSTRALIA
- CANADA, BC
- CANADA, MB
- CANADA, NS
- CANADA, ON
- CAYMAN ISLANDS
- COLUMBIA
- GUATEMALA
- PUERTO RICO
- TURKS & CAICOS

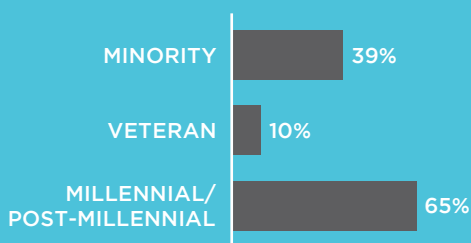
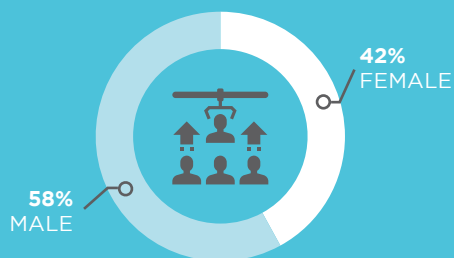
2022 at a Glance

A CULTURE THAT VALUES AND CELEBRATES OUR DIFFERENCES

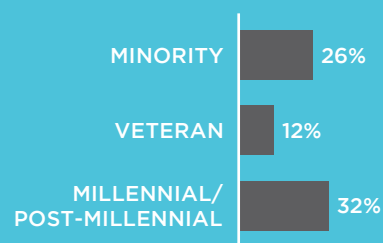
Our People



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

0.8

Metric tons of avoided CO₂ emissions from composting

\$326

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

Best Specialist Consulting Firm
(Global Excellence Awards, 2022)

Vault Consulting 50
(Vault, 2022)

America’s Best Management Consulting Firms
(Forbes Media 2022)

Materiality Focus Areas

The six focus areas, which serve as the foundation of ScottMadden's corporate responsibility, were selected based on the results of our 2022 materiality assessment, an appraisal of existing ESG activities, and the ability of the firm to manage and influence each issue directly.



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



ScottMadden is committed to partnering with charities and non-profit organizations to make an impact in our local communities and nationwide.

ScottMadden has helped numerous worthy organizations over the years and will continue to respond to emergent situations as they arise. Building on that foundation, we recognize the value of committing to partnerships with non-profit organizations that allow us to make a measurable impact both in our local communities and more broadly.

Focus Area Objectives

Our charitable giving focuses on supporting the following areas in line with the firm's priorities:

- **Veterans and Their Families** — ScottMadden is proud to have many former active duty and currently serving reservists among our consultants and staff. Our veterans contribute unique perspectives and talent to the firm, and we are committed to helping all veterans thrive.
- **Environment** — Our clients across industries are continually confronting the realities of climate change and other environmental concerns. We aim to support local and national conservation and decarbonization efforts, contributing to a safer and more resilient planet for future generations.
- **Poverty Alleviation** — Whether in Atlanta, Raleigh, or Framingham, members of our local communities need our support. 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.
- **Education Access** — ScottMadden employees are committed to continued learning to provide the highest quality service to our clients. We are working to broaden access to educational resources that can make a difference in the quality of life for children and adults.

In all our giving and community engagement activities, we aim to:



Add value to partner organizations in alignment with their missions and needs.



Consider employee input when selecting partner organizations and respond to high-impact events and emergent situations in real time.



Adapt our approach over time as needs change, while continuing to reflect the core strategic priorities and values of ScottMadden: integrity, respect, trust, and quality relationships.



Community Engagement



Focus Area Objectives (Cont'd)

This year, we continued efforts with our **community partner organizations (CPOs)** to build long-term relationships that enable us to make an ongoing, measurable impact. We adapted our strategic priorities to align with the CPOs' missions and areas of focus. We are proud to continue partnerships with six CPOs:



We successfully met our goal of increasing in-person community engagement events and opportunities in 2022, as described in more detail in the following sections.

Our Partner Organizations

FEEDING THE COMMUNITY

In cooperation with the firm's ERGs—Women@ScottMadden, VERG, and The Village—the Raleigh office organized an impactful event for one of our CPOs, Urban Ministries of Durham (UMD). 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.

Fourteen ScottMadden employees and ten spouses and children volunteered at the event to successfully unload, organize, weigh, and store nearly 1,900 pounds of food. With this food, UMD served the needs of their Durham community for a week.

For those that could not attend the event in person, ScottMadden collected charitable donations which were then matched through the firm's charitable donation matching program. In total, more than \$3,000 worth of food was donated to UMD.



In total, more than \$3,000 worth of food was donated to UMD.

Community Engagement



Our Partner Organizations (Cont'd)

ANNUAL FIRM MEETING EVENT: BOYS AND GIRLS CLUB OF WAKE COUNTY

Each year at ScottMadden's annual firm meeting, employees come together for an event to contribute and support one or more CPOs. This year, teams of employees worked together to assemble bicycles to be donated to the Boys and Girls Club of Wake County. In total, ScottMadden assembled 30 bikes that were then donated to the organization. The best part is that children from the Boys & Girls Club were able to come in person to pick up their bikes and even ride them around to test them out.

In total, ScottMadden assembled 30 bikes that were then donated to the organization.



Community Engagement



Focus Area Objectives (Cont'd)

SUPPORTING OUR NEWEST PARTNER: SER FAMILIA

A ScottMadden team member sits on the board of community partner, Ser Familia, an organization whose mission is to offer preventative family services to equip Latinos with the tools, resources, and skills they need to thrive. In 2022, the firm supported Ser Familia by volunteering at their Sanse Atlanta 2022 event, a Puerto Rican Heritage Day festival. This event is a celebration of Puerto Rican culture, including food and live music led by Puerto Rican chefs and local community leaders. Our employees also volunteered at Ser Familia's holiday event in December, which included a health fair, food distribution, and gifts for the children. At the health fair, Ser Familia opened their office to the community to offer blood pressure and glucose check-ups, vaccinations, depression screenings, food distribution, and gifts for the children.

PROJECT JUST BECAUSE

One reason we look forward to working with CPOs each year is that every year we find new ways to support and work together with them. Project Just Because is an organization helping low- and moderate-income individuals and families and those in crisis in the community. It is dedicated to helping as many men, women, and children as possible—providing dignity and love from the heart in a caring environment.

One of our employees joined the board of Project Just Because this year and was able to support the organization with their move to a new warehouse location, which included packing and unloading all the resources in the warehouse to continue providing support to the community. We also helped them with their annual inventory counts, which required counting every single item in every single bin of their warehouse.

Lastly, we were proud to support this organization and their holiday program by providing a donation to ensure the needs were met for families who are supported by Project Just Because during the holiday season.



“Project Just Because, with the support and backing of ScottMadden, has allowed us to complete our mission and make a direct difference in the communities we serve. ScottMadden, as the biggest supporter of our ‘Help From Our Heart’ program, has encouraged many others to step up. ScottMadden has also been a sponsor in our Holiday program to help children in need every year who would not have a holiday without. Furthermore, financial donations through ScottMadden and its employees have supported our programs to continue to put food on the table for families in need.”

— Cherylann Lambert, President and Founder of PROJECT JUST BECAUSE



Employee Well-Being and Development



We perform at our best when we feel our best. ScottMadden is 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.
- 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 learning opportunities that engage employees where they are in their career.

Employee Well-Being

EMPLOYEE BENEFITS

ScottMadden is continually assessing the benefits we provide our team members by evaluating what's happening in the market and determining improvement opportunities. In 2022, we made the following enhancements to the firm's benefits program:

- Increased parental leave to 16 weeks for all
- Added egg preservation to infertility benefit
- Increased long-term disability benefit from \$10,000 to \$15,000 per month
- Increased dental benefit from \$1,000 to \$1,500 per year
- Shortened the timeline for new hire eligibility for 401k contributions
- Reduced vesting schedule from six years to four years
- Added a floating holiday to 2022 holiday schedule
- Added end-of-year 40-hour rollover for PTO

We have continued our Healthy Lifestyle reimbursement program by which all full-time regular employees are eligible to receive reimbursement of eligible expenses up to \$750 per year. We have also continued to promote the use of the Headspace app. In 2022, employees who utilized the app completed 5,670 minutes of collective meditation.

KEEPING UP WITH OUR CULTURE

ScottMadden continues to value the need to network and socialize among firm colleagues. One of the things that makes ScottMadden a great place to work is our collegiality, connectedness, and culture. This year, we formed our first official Culture Committee which focuses on keeping this network of connectedness and engagement across the many forums and activities at the firm. The committee comprises team members from multiple levels and locations within the firm and works together to generate ideas, participate in events, and promote ScottMadden culture.



WON'T YOU BE MY NEIGHBOR

At ScottMadden, each office is organized into "neighborhoods." To encourage team members to interact, learn, and laugh with each other, this year, each neighborhood was provided a budget for activities outside the office. Some neighborhoods in Atlanta enjoyed visiting Intown Golf Club, Puttshack, and a holiday pop-up restaurant.

Employee Well-Being and Development



Training and Development

For 2022, three talent management objectives were established that were successfully met throughout the year:

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

EXPERIENCED HIRE DEVELOPMENT

At the request of firm leadership, a development effort designed to help experienced hires transition into the “ScottMadden way” was piloted. Sessions focused on work product development and project management. Based on feedback from the pilot participants and firm leadership, the decision was made to provide this support on an as-needed/as-requested basis.

CORPORATE TRAINING RESCHEDULING

In 2021, we noted several required training sessions were scheduled in the fourth quarter, which is a busy time of year with the holidays and competing project assignments. With the cooperation of leaders from HR, IT, and DE&I, we redistributed the required trainings over the course of 2022. The result has been improved engagement and reduced stress for the firm at the end of the year.

CONSULTANT COMPETENCY TRENDS ANALYSIS

For the first time at the firm, competency rating data from individual performance reviews was analyzed. Reviewing three years of competency ratings, more than 4,600 individual ratings from 2019-2021, revealed both strengths and opportunities for consultant development. The analysis was then used to design training at the firm’s annual meeting and establish talent management priorities for 2023.

SCOTTMADDEN FIRST FRIDAYS

While not an official objective for 2022, we took advantage of our return-to-the-office initiative to recapture a ScottMadden tradition, First Fridays.

First Fridays are an opportunity for employees to come together in person (and virtually for remote staff) to learn and hear from each other on important firm topics as well as to socialize and network. In June 2022, the format was changed to reintroduce in-person presenters and provide lunch following the presentations. The result was improved engagement with the presenters and presentations and enhanced social interaction.



Additionally, in late 2022, we added a segment at the beginning of many First Fridays called “Postons” in which volunteers briefly introduce themselves and share their backgrounds and work experience at ScottMadden. This provides more opportunities for employees to get to know one another as the firm continues to grow. In 2022, eight employees led a Poston, and we look forward to having many more in 2023.

TRANSITIONING INTO THE MANAGER ROLE

In 2021, managers provided feedback expressing the need for further training to support the transition from senior associate to manager roles—specifically moving from a sole contributor to managing people.

The Manager Fundamentals program was piloted in the second quarter of 2022 and then revised and repeated in the fourth quarter. A total of 16 managers went through the program in 2022. Experienced ScottMadden directors facilitated the program which focused on the role of a manager, client and partner relationships, issue resolution, and an introduction to situational leadership. Based on participant feedback, the program will be continued in 2023.

Diversity and Inclusion



Our Commitment to Diversity

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.

OUR PILLARS

Our Diversity and Inclusion (D&I) pillars of focus continue to form the framework for how we prioritize, plan, and execute our D&I strategic plan. These pillars are:

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

Communication, Education, and Awareness

INCREASING AWARENESS

Throughout our D&I journey, we've discovered the impact of education on D&I topics outside of formal, instructor-based training environments and continued to conduct quarterly Small Table Talks in 2022. We leveraged these facilitated, intimate employee discussions to further awareness on D&I topics such as generational diversity, mental health awareness, and identity/authenticity.

CELEBRATING WHO WE ARE

In 2022, we took a different approach to celebrating cultural holidays and months throughout the year. Beyond highlighting historic or famous figures, employees within our firm were spotlighted, celebrating the contribution and impact that each person makes toward our future. Employees were celebrated during Black History, Women's History, Hispanic Heritage, and Asian American Pacific Islander months, as well as during Pride month and Veterans Day.

Talent Attraction and Retention

In 2022, 72% of the firm's new hires represented diverse dimensions, such as females, people of color, and veterans, a significant increase from 55% in 2021.

Our Talent Attraction and Retention team is committed to establishing and building relationships with schools, organizations, and the community to attract a talented group of diverse employees. This team participated in a variety of recruiting events, such as Veterans, National Black, and Women's MBA conferences, along with career fairs hosted by HBCUs and MBA consulting programs. Example events include:

- Open houses, lunch and learns, and diversity events at colleges and universities
- Conference and association sponsorships and advocacy
- Ongoing outreach and engagement with prospective candidates throughout the year to foster relationships, understand new hire needs, and generate interest in consulting and, specifically, ScottMadden

Scholarship: Every year we are proud to offer the ScottMadden Inspire Scholarship, which recognizes the achievements of African American undergraduate students in our communities. We awarded this scholarship to one student in 2022.



Diversity and Inclusion



Networking and Outreach

Employee Resource Groups (ERGs) create opportunities for fellowship, mentoring, development, and feedback, as well as a space for employees to build and sustain inclusion. As planned, we completed the launch of our second and third ERGs in 2022—Veterans (VERG) and Working Parents and Caregivers (The Village). ERG missions and employee participation levels are shown below:



Women@ScottMadden

Fosters personal and professional development as well as amplifies the voices of all women at ScottMadden.

MORE THAN

60

EMPLOYEES

(including women and allies)



Veteran Employee Resource Group (VERG)

Maximizes the professional relationship potential between the firm, veterans, and non-veterans.

APPROXIMATELY

30

EMPLOYEES

(including veterans and allies)



The Village (Working Parents and Care Givers)

Provides a safe collaboration space for support and advocacy on topics related to working parents and caregivers.

MORE THAN

30

EMPLOYEES

(including working parents, caregivers, and allies)



Diversity and Inclusion



Inclusion Survey 2.0

The commitment to grow a diverse and inclusive culture is something that is taken seriously by the entire firm, and the impact of this is evident in the results of our 2022 Inclusion Survey. Our baseline inclusion survey was conducted in 2020. ScottMadden is committed to completing a survey every two years as a “health check” and to provide direction along the firm’s D&I journey.

More than 60% of the firm participated in the survey and overall performance improved over the 2020 baseline. Across all seven categories, employees agree that the firm is moving in the right direction and demonstrating more inclusive behavior.



Attitude Towards Diversity and Inclusion

Focused on commitment by firm leadership to D&I.
(4 questions)



Recruitment and Hiring

Focused on diverse recruiting (e.g., candidate sources), diverse firm representation in the interview process, and fairness of candidate evaluation.
(4 questions)



Leadership

Focused on leader behavior within daily operations and the environment created on project teams and support teams.
(4 questions)



Diversity and Inclusion Awareness

Focused on the effectiveness of the existing D&I framework.
(4 questions)



Belonging

Focused on employees’ sense of fitting in, being heard, and feeling like an important member of the ScottMadden team.
(7 questions)



Development

Focused on the fairness of evaluation, promotion, and development opportunities across the firm.
(7 questions)



Discrimination and Harassment

Focused on policies and procedures relating to discrimination and harassment, employees’ comfort reporting harassment, and employees’ confidence in the firm’s response.
(10 questions)

Diversity and Inclusion

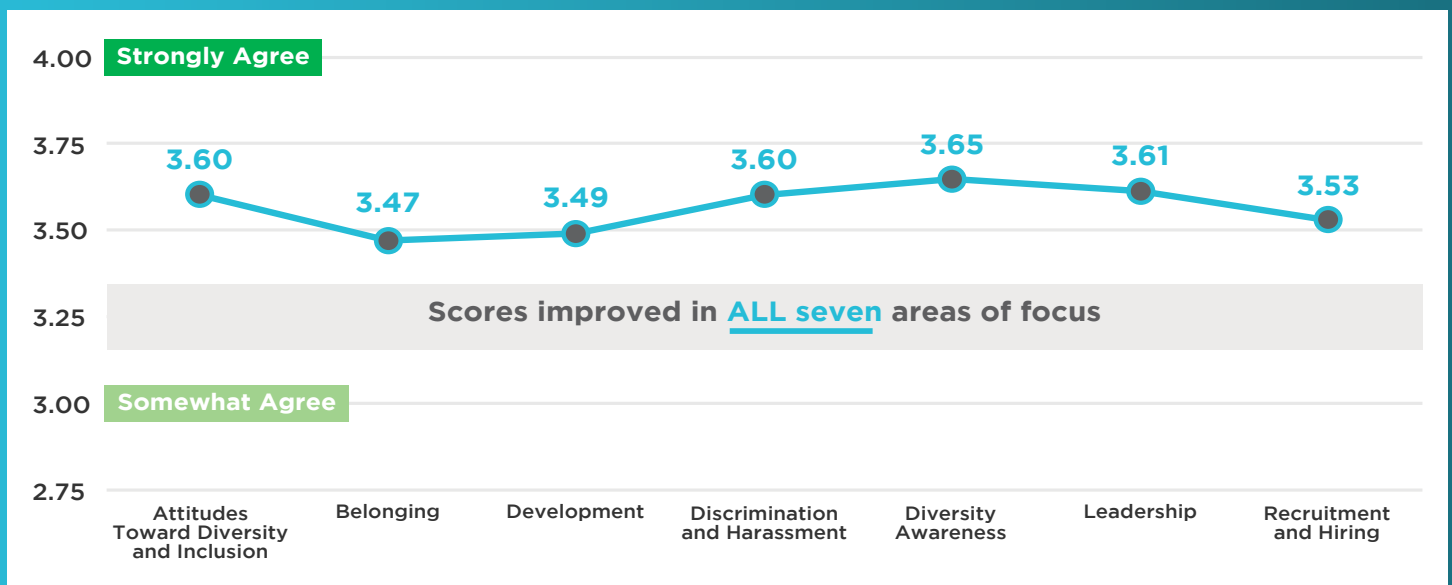


How Did We Do?

For each category we presented questions and measured “level of agreement” on a 4-point scale: strongly agree (4), slightly agree (3), slightly disagree (2), and strongly disagree (1).

Our overall performance improved over our 2020 baseline. The degree to which our employees agree that we are moving in the right direction and demonstrating inclusive behavior across increased from **3.47** to **3.57**. Notably, scores increased across each of the individual seven categories!

Our Inclusion Survey Performance:



Survey Highlights

- **Diversity Awareness** scored the highest (**3.65**) and improved from 2020 (**3.44**)
- **Recruiting and Hiring** showed notable improvement (up to **3.53** from **3.39** in 2020)
- **Non-men, manager** scores are much improved when compared to 2020
- Score concentration across **race/ethnicity** improved and reflects a more consistent experience across all groups
- Those who identify with the **LGBTQ+ community** scored significantly higher in the area of Diversity Awareness (up to **3.7** from **2.93** in 2020)



We are committed to continuing existing programs and policies and evaluating our inclusivity in years to come. If you would like to learn more about diversity and inclusion at ScottMadden, please visit: www.scottmadden.com/diversity-and-inclusion

An aerial photograph of a dense, lush green forest. A narrow, winding dirt road or path cuts through the trees, curving from the top center towards the bottom right. The forest is composed of many tall, leafy trees, creating a textured canopy of various shades of green. A solid blue rectangular box is positioned in the upper left corner, containing the text "Our Planet" in white.

Our Planet

Environment and Emissions



Identifying Opportunities

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

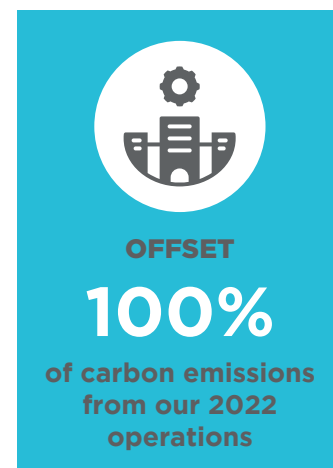
We are resolved to make thoughtful decisions regarding how we manage our environmental impact while continuing to provide the highest-quality consulting services. As reinforced by our recent materiality assessment, environmental issues continue to be of importance to our internal and external stakeholders.

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.

2022 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 our carbon emissions generated from annual operations. We understand the carbon offset market has limitations and needs to evolve. Therefore, we only purchase high-quality offsets that are third-party verified and independently audited according to leading international standards.
- To offset emissions for 2022, we are proud to support a portfolio of carbon avoidance and reduction projects that includes global renewable energy development and industrial process emission reduction in North America. As the firm has nearly 40 years of experience in the energy industry, these offsets are aligned with our business and bring direct benefits to our communities.
- Additionally, we continue to maintain and promote composting programs in our Raleigh and Atlanta offices to reduce our office waste.



We also continue to **invest in employee and company technologies** to enable the firm to provide a high level of service to our clients without carbon-intensive travel. These investments include providing stipends to support home office investments to better enable delivery of our core services and accommodate reduced travel requirements.

We **expanded employee training** to improve internal expertise and help grow our climate and environment work within the firm's corporate responsibility service offering. We committed resources to educate and certify select consultants in The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. This investment will enable continued refinement of our internal corporate responsibility strategy and ensure our consultants are prepared to deliver industry leading services for our clients.

Environment and Emissions



2022 Carbon Tracking

In 2022, we continued efforts to minimize and mitigate our own emissions and environmental footprint while navigating the return of business travel from the COVID-19 pandemic.

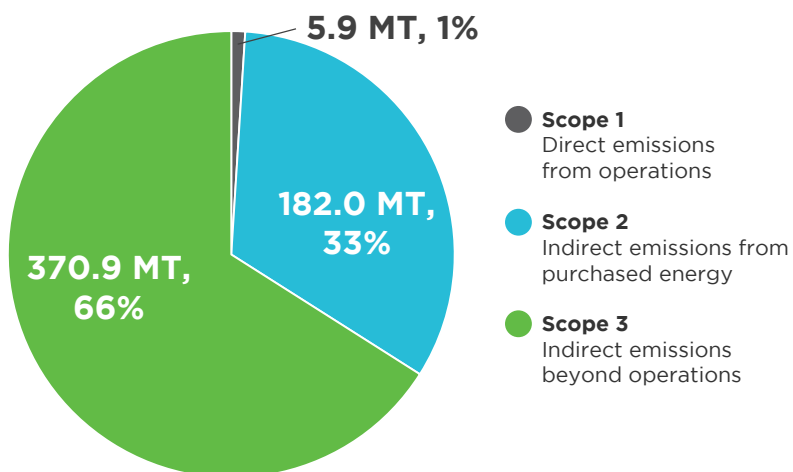
ScottMadden's 2022 Scope 1, 2, and 3 CO₂ emissions totaled 559 metric tons, calculated in compliance with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. This represents a 30% increase from 2021 yet a 53% decrease from 2019 emission levels (i.e., pre-pandemic). Our 2022 Scopes 1 and 2 emissions remained relatively flat from 2021, while Scope 3 increased from the prior year as we resumed necessary business travel activities.

Scope 3 emissions continue to account for most of the company's emissions at 66%; however, we have incorporated lessons from the COVID-19 pandemic into our business model to be more thoughtful about travel in support of client needs. We have been able to effectively reduce travel across the firm and better tailor our on-site presence to best meet specific client needs, which generates benefits for the planet (reduced emissions), our clients (cost savings), and employees (improved work-life balance).

We continue to refine our carbon tracking methodology to ensure alignment with leading practices. In 2022, we worked to increase reliance on primary data inputs, including improving our internal emissions survey to better understand employee commuting and remote work habits. We will continue to evaluate and refine carbon tracking systems to ensure we accurately account for the full environmental impact of business operations.



2022 Emissions (Metric Tons)



2022 EMISSIONS OFFSET PROJECT HIGHLIGHT

In 2022, ScottMadden offset its annual carbon emissions, in part, by supporting a set of projects aimed at reducing industrial emissions in the built environment. By investing in these projects, small and medium-sized businesses throughout North America will be able to reduce their emissions from chemicals and waste associated with unsustainable industrial processes. This includes activities such as utilizing more costly low-emission board stock instead of spray foam insulation, which contains hydrofluorocarbons (HFCs) – a potent greenhouse gas.

Our Governance



Business Ethics and Integrity



Living by Our Values

As a professional services firm, we recognize that our reputation is vitally important to our success. Since the firm's founding in 1983, we have worked persistently to establish our reputation and to build stakeholder relationships on the backbone of trust. Trust is not earned on delivering innovative solutions and quality work alone. Acting in an ethical, responsible, and transparent manner must be embedded in all the client work that we do and how we treat colleagues in the workplace. *How* we conduct our work and the values that we live by are as important as the results we deliver.

Our Values guide our work and shape our success:

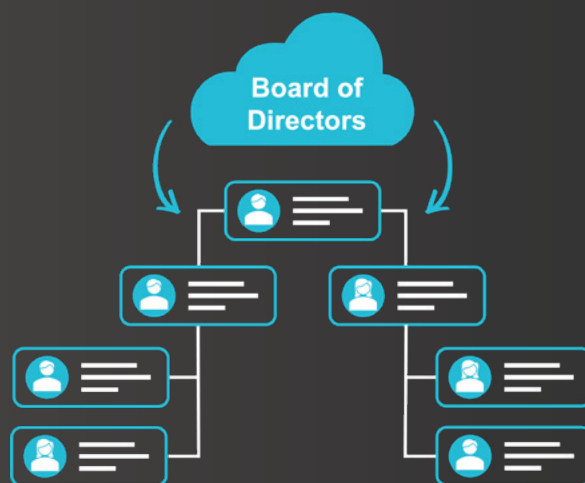
- We will be **accountable to our clients and each other** and operate in a manner that conveys a **genuine focus on service** founded on **mutual respect and trust**
- We will place the **long-term good of our clients** above our own interest and conduct our business **ethically with humility, empathy, 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**

"Rappahannock Electric Cooperative greatly values its long-standing partnership with ScottMadden. REC's engagement with ScottMadden provides essential insights into utility business, technology, and environmental, social, and governance trends that the cooperative puts to work in shaping our strategic plan and key business initiatives. Not only do we appreciate the knowledge we gain from the ScottMadden team but also that our business partner is a values-driven organization that is reinvesting in the environment, local communities, and in its own employees."

— President and CEO,
RAPPAHANNOCK ELECTRIC
COOPERATIVE

Our Governance and Organizational Leadership

ScottMadden's board of directors oversees critical governance matters, including the firm's strategy and major initiatives, financial and corporate transactions, and executive compensation. As a midsize consulting firm, the day-to-day operations of our core consulting is aligned by practice and overseen by partner Practice Area Leads (PALs) who report directly to our CEO. The remaining partners report directly to one of the PALs. Several committees support specific firm-related activities, including our Corporate Responsibility Steering Committee which meets routinely to advise management on corporate sustainability leading practices and ensure material ESG issues are considered and embedded in the firm's strategic initiatives.



Business Ethics and Integrity



Anchored by Our Policies and Standards

Upon joining ScottMadden, every new hire is required to read and sign our Employee Handbook, which contains the firm's General Standards of Conduct. In addition, all employees are required to review and acknowledge the General Standards of Conduct annually. Observance of these standards and expectations, as well as our Non-Harassment and Safety and Security policies, will help to ensure that our workplace remains a safe and desirable place to work.



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 Diversity and Inclusion 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 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.



100%
OF EMPLOYEES
completed
Non-Harassment
Training

Managing Enterprise Risk

We view risk management as an essential activity to conducting our business responsibly. 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. One of the firm's most experienced partners is tasked with overseeing and advising on the firm's risk management activities.



Business Ethics and Integrity



Our 2022 Ethics and Integrity Priorities and Highlights

Our Business Ethics and Integrity objectives are:

- **Professionalism** — Promoting inclusivity, respect, honesty, and professionalism as outlined in our General Standards of Conduct
- **Admired Workplace** — Fostering a transparent, healthy, productive, and collegial environment 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



OF EMPLOYEES
acknowledging
Workplace Conduct,
Conflict of Interest, and
Business Ethics policies

Business Transparency and Communication

As our firm continues to grow, so too have our efforts to provide frequent and consistent communications throughout the firm. Examples of the many communication outlets include:

First Fridays

A monthly meeting (followed by lunch!) where we gather in each office to share critical firm information with employees.



*One of our mantras has always been to **"treat adults like adults,"** and we believe our efforts to provide employees with transparency into our strategy, initiatives, operating performance, and culture through these channels is reflective of that.*

Communities of Practice

Learning and career development gatherings for our employees which are geared to help us focus the strategy for the various functions where ScottMadden operates.

Employee Resource Groups (ERGs)

Regularly scheduled opportunities for fellowship, mentoring, and development, as well as a space for employees to build and sustain inclusion.

D&I Minutes

A monthly communication designed to promote awareness and foster engagement around diversity, equity, and inclusion.

theScoop

Our bi-monthly firm newsletter keeps employees up-to-date with key announcements all in one place.

Annual Town Hall

Annual "state of the firm" meetings at each of our offices presented by our CEO.

Annual All-Hands Meeting

Our annual firm retreat with activities and presentations that reinforce and celebrate our culture.



Monthly Updates from HR

A monthly email highlighting staffing, benefits, and other key issues.

Data Privacy and Cybersecurity



Staying Ahead of the Digital Curve

Our top cybersecurity priority is securing our client data and protecting their privacy.

We protect our company data by promoting awareness and remaining vigilant against cyber threats. Regardless of where 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 resilience.

Information Security Program and Security Awareness Training

The firm's Information Security Program (ISP) and Security Awareness Training ensure we remain vigilant in our cybersecurity and data privacy approach.

The 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, procedure standards, and Acceptable Use Policy. It also identifies our data privacy obligations and associated requirements for meeting clients' needs.

All active employees are required to complete our annual Security Awareness Training. For 2022, 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 continually upgrade tools and technologies to protect our systems from cyber threats and are constantly working to stay ahead of the curve. For 2023, we are upgrading our Acceptable Use Policy to reflect the dynamic security risk environment and ensure all employees have acknowledged their awareness and understanding of these changes.

Additionally, we are establishing a Cybersecurity Center of Excellence (CoE) to deepen our expertise and offerings in managing cyber risk. This CoE will support our work in delivering cybersecurity services to clients. We commit to continually develop our capabilities, technical knowledge, and resources to ensure expertise in these areas.



**OF EMPLOYEES
completed Security
Awareness Training**



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 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 and celebrate our accomplishments, but always strive for improvement! We regularly review our progress to evaluate our direction. Each year brings different challenges but we expect to steadily improve.

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.



Kim Davenport

Partner and Director of
Corporate Responsibility

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 materiality assessment. Contents were guided by the results of our materiality assessment and available quantitative data. All data and metrics are from FY 2020, FY 2021, and FY 2022 unless otherwise noted.

Summary of 2022 Results

Community Engagement			
<i>Metric</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Charitable giving per employee	\$286	\$374	\$326
Charitable giving as a % of revenue	<1%	<1%	<1%
Number of boards employees are members of	18	n/a ¹	20
Employee Well-being and Development			
<i>Metric</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Healthy lifestyle program participation (% who submitted or average reimbursement per employee)	72%	75%	63%
Headspace app participation rate	56%	53%	48%
Mental health service utilization - medical plan	18%	22%	24%
Average annual nights out per consultant	23.3	7.6	16.3
Average annual training hours per employee	13.8	12.4	10.0
Average annual training hours per consultant	14.4	12.8	9.9
Average annual training hours per administrative staff	10.2	9.6	10.7
Diversity and Inclusion			
<i>Metric</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
% female - leadership	19%	15%	17%
% female - all employees	37%	35%	35%
% female - new hires	33%	32%	42%
% male - leadership	81%	85%	83%
% male - all employees	63%	65%	65%
% male - new hires	66%	68%	58%
% minority - leadership	19%	21%	26%
% minority - all employees	24%	23%	23%
% minority - new hires	15%	14%	39%
% non-minority - leadership	81%	79%	74%
% non-minority - all employees	76%	77%	77%
% non-minority - new hires	85%	86%	61%

Reporting Methodology

Summary of 2022 Results (Cont'd)

Diversity and Inclusion (Cont.)			
Metric	2020	2021	2022
% not self-identified ² - leadership	0%	0%	0%
% not self-identified ² - all employees	0%	0%	0%
% not self-identified ² - new hires	0%	0%	0%
% millennials/post-millennials (1981+) - leadership	26%	26%	32%
% millennials/post-millennials (1981+) - all employees	54%	55%	51%
% millennials/post-millennials (1981+) - new hires	66%	68%	65%
% veterans - leadership	8%	10%	12%
% veterans - all employees	7%	8%	11%
% veterans - new hires	15%	12%	10%
Inclusion survey response rate ³	85%	n/a	61%
Environment and Emissions			
Metric	2020	2021	2022
% emissions from Scope 1 (on-site gas heating)	1%	1%	1%
% emissions from Scope 2 (purchased power)	44%	42%	32%
% emissions from Scope 3 (business travel and employee commuting)	54%	57%	67%
Flight emissions per employee	0.74 MT CO ₂ e	0.75 MT CO ₂ e	0.90 MT CO ₂ e
Vehicle emissions per employee	0.22 MT CO ₂ e	0.18 MT CO ₂ e	0.29 MT CO ₂ e
Emissions intensity per employee	2.32 MT CO ₂ e	2.27 MT CO ₂ e	2.67 MT CO ₂ e
Carbon offsets purchased	1,346 MT CO ₂ e	429 MT CO ₂ e	559 MT CO ₂ e
Waste diverted from landfills via composting	320 lbs.	496 lbs.	680 lbs.
Carbon equivalents avoided from composting	0.38 MT CO ₂ e	0.56 MT CO ₂ e	0.80 MT CO ₂ e
Data Privacy and Cybersecurity			
Metric	2020	2021	2022
Security Awareness Training completion rate ⁴	100%	100%	100%
% employees who signed Acceptable Use Policy	100%	100%	100%
Business Ethics and Integrity			
Metric	2020	2021	2022
% 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.

²"% not self-identified" refers to employees who chose not to self-identify ethnicity or race.

³Inclusion survey conducted every other year.

⁴Active employees only (excludes those who were on extended leave of absence).

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. The issues highlighted in the table below align with our corporate responsibility focus areas.

		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 2022, ScottMadden utilized the same carbon accounting model as in our last three 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 2022 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, 2021, and 2022 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.

