



# 2023 Corporate Responsibility Report

# Table of Contents

## Introduction

A Message from Our CEO	3
About ScottMadden	4
2023 at a Glance	5

## Our People and Community

Community Engagement	8
Employee Well-Being and Development	13
Diversity and Inclusion	15

## Our Planet

Environment and Emissions	20
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## Our Governance

Business Ethics and Integrity	23
Data Privacy and Cybersecurity	27
Our Commitment to Corporate Responsibility and Sustainability	28

## Reporting Methodology

Reporting Process	29
Carbon Reporting	33
Forward-Looking Statements	33





# A Message from Our CEO

In 2023, ScottMadden celebrated our 40th year of operations as a firm. With each passing year, I am reminded of the remarkable individuals and clients that have helped shape how the firm has grown over the decades. Through the tireless efforts of our employees and steadfast leadership of our partner group, I believe ScottMadden is better positioned than ever to deliver value and exceptional service to our clients. At the time of this letter, as we prepare to release our fifth annual Corporate Responsibility Report, we remain committed to the values that got us to where we are today, as we strive to further improve the lives of our employees and those surrounding them in the future.

At ScottMadden, we are committed to ensuring corporate responsibility guides our business strategy and operations to provide 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 2023 to address important societal and environmental sustainability issues that are material to our business operations and stakeholders.

We had a highly successful year in 2023 across all our focus areas. Of note, we successfully implemented a new management structure that included the promotion of two new Practice Area Leaders (PALs). We established new controls to manage client data and implemented a comprehensive risk management program to enhance our cybersecurity standards. We grew participation in, and solidified the leadership of, our three employee resource groups—Women@ScottMadden, Veterans (VERG), and Working Parents and Caregivers (The Village). The Community Engagement team continued the firm's commitment to partnering with charities that enables our employees to volunteer and positively impact their local communities. Additionally, we bolstered our Lifestyle Benefit program to promote employee work-life balance and offered a new

employer contribution to employees utilizing a Health Savings Account (HSA). Finally, 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 2023. 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. For example, we have initiated efforts to establish and track key performance metrics across each of our focus areas, we are considering adding new ERGs to bolster inclusion for diverse communities within the firm, and we are launching additional employee training and establishing best practices for the use of Artificial Intelligence (AI) and new technologies to enhance our client services in the future.

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 handwritten signature in black ink, appearing to read 'Brad Kitchens'. The signature is fluid and stylized, with a large, sweeping flourish at the end.

**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 29% 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 deliver a **broad array of consulting services** ranging from **strategic planning** through **implementation** across many industries, business units, and functions.

We help clients **solve the right problem in the right way** by combining in-depth knowledge and understanding of our clients' businesses **with our world-class functional expertise.**

## ScottMadden's Consulting Solutions



**Strategy Development and Implementation**



**Business Transformation and Shared Services**



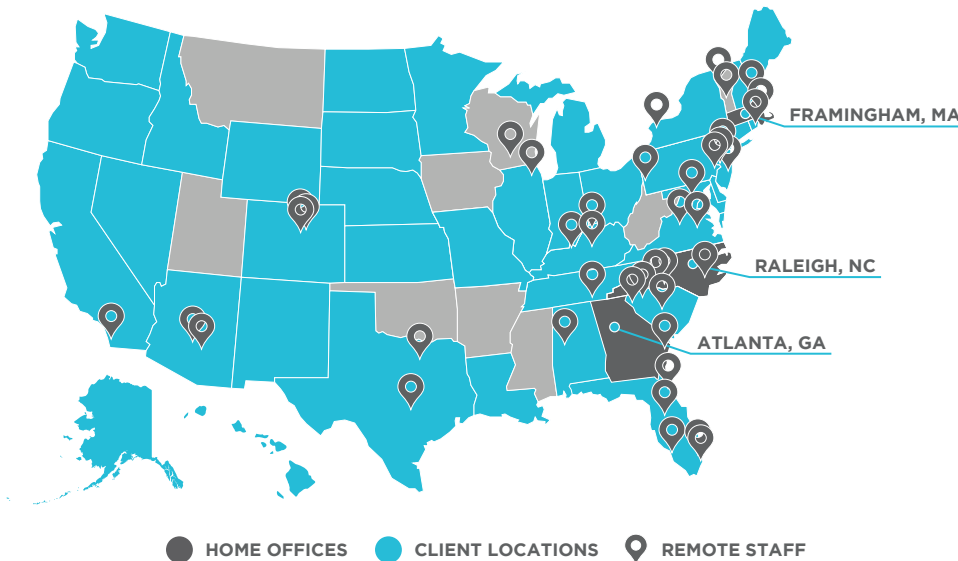
**Operational Effectiveness**



**Digital Solutions**



**Energy and Utility Solutions**



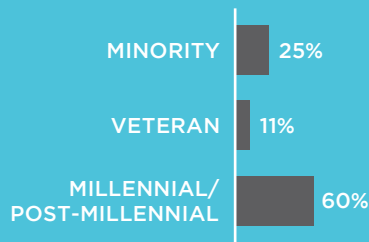
### OTHER LOCATIONS

- ARUBA
- AUSTRALIA
- CANADA, ALBERTA
- CANADA, BRITISH COLUMBIA
- CANADA, NEW BRUNSWICK
- CANADA, NOVA SCOTIA
- 📍 CANADA, ONTARIO
- CAYMAN ISLANDS
- 📍 PUERTO RICO
- SAUDI ARABIA
- TURKS & CAICOS

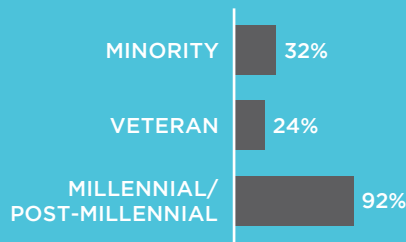
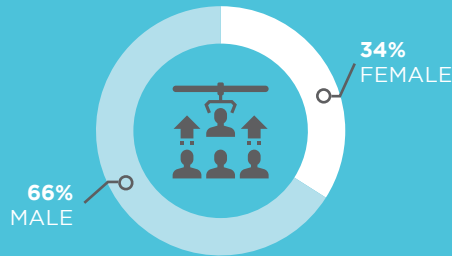
# 2023 at a Glance

## A CULTURE THAT VALUES AND CELEBRATES OUR DIFFERENCES

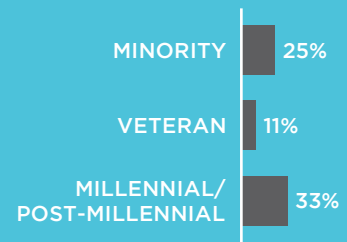
### Our People



### 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**

**1.04** Metric tons of avoided CO<sub>2</sub> emissions from composting

**\$234** 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

**America’s Best Management Consulting Firms (Forbes Media, 2023)**

**Top 15 ranking among Consulting Firms for: (Vault, 2023)**

- Employee Health/Wellness and Satisfaction
- Overall Diversity
- Work/Life Balance
- Firm Culture
- Environmental Sustainability Consulting
- Energy Consulting

## 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 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.**



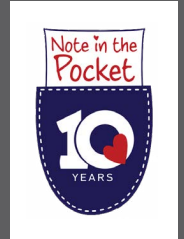


# Community Engagement



## Focus Area Objectives (Cont'd)

This year, we refined our focus with our **Community Partner Organizations (CPOs)** to identify partners where we can have a bigger impact financially and through in-person volunteer activities, in addition to aligning with our focus areas. Although we will have fewer CPOs going forward, we are proud to strengthen our partnerships with the following five CPOs:



### VETERANS AND THEIR FAMILIES

ScottMadden is committed to supporting veterans and their families through all stages of service. In 2023, ScottMadden hosted an event to **prepare care packages** for service members overseas, **provided mentorship** on career readiness for veteran service transition, and **participated in educative and social events** to support veteran families.



ScottMadden engaged in the veteran mentorship program through **FourBlock**, a non-profit organization dedicated to supporting returning service members in their transition from military service to meaningful civilian careers. This one-on-one coaching involves resume crafting, networking, LinkedIn profile development, and interviewing techniques. ScottMadden is proud of its veterans and the community our veterans and allies continue to foster.





## THE ENVIRONMENT

In 2023, we partnered with the **Atlanta BeltLine**, one of the largest, most wide-ranging urban redevelopment programs in the United States. This network of public parks, multi-use trails, transit, and affordable housing along a historic 22-mile railroad corridor is enhancing mobility, connecting intown neighborhoods, and improving economic opportunity and sustainability. ScottMadden is supporting the Atlanta BeltLine through its Connectors Circle that supports the BeltLine vision by raising funds and building partnerships that enable the success of the Atlanta BeltLine project, engages the public, and empowers residents in the surrounding neighborhood. We look forward to hosting many events in 2024 with the Atlanta BeltLine.

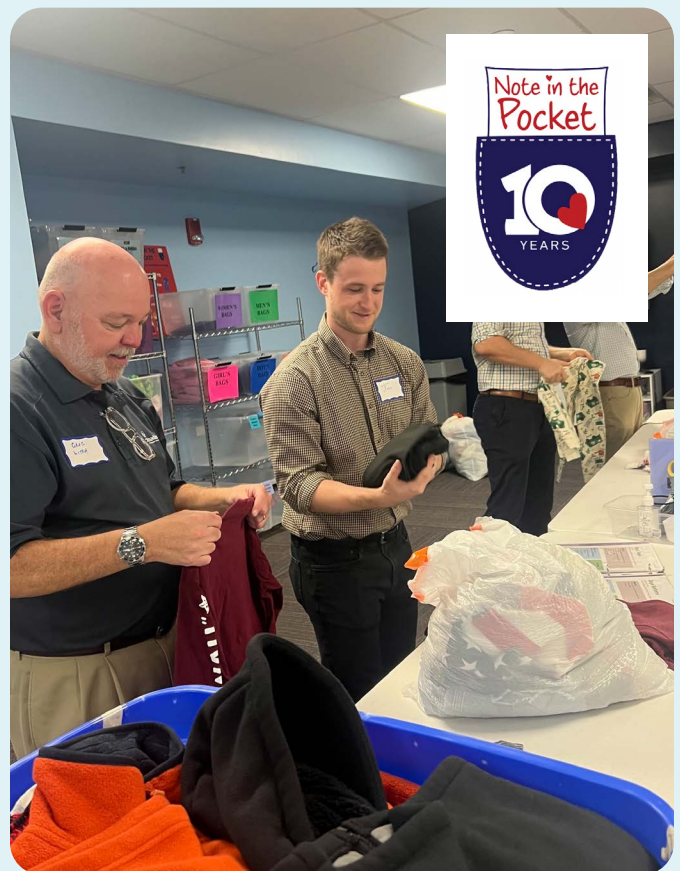


## POVERTY ALLEVIATION

**Note in the Pocket**, another new partner for ScottMadden in 2023, is on a mission to clothe homeless and impoverished children and families with dignity and love. Note in the Pocket is a North Carolina-based non-profit that provides seasonally appropriate clothing to school children. They aim to help improve educational equity by addressing clothing insecurity.

ScottMadden supported Note in the Pocket through:

- **Financial contributions**, purchasing items from their wish list, and participating in Note in the Pocket sponsored events.
- Several ScottMadden employees ran in their annual **“Socks & Undies 5k Rundie”** where kids and adults participate to raise money and awareness for the organization’s mission.
- ScottMadden helped celebrate Note in the Pocket’s 10th anniversary by **being a confidence sponsor for this CPO’s “Sneaker Ball,”** donating \$5,000 to the event (i.e., the equivalent to clothing 25 children with a two-week mini wardrobe, per Note in the Pocket).





# Community Engagement



## POVERTY ALLEVIATION (CONT'D)

In addition, ScottMadden continues to support **Ser Familia** in their mission to offer preventative family services to equip Latinos with the tools, resources, and skills they need to thrive. Ser Familia is an Atlanta-based non-profit organization focused on programs to support Latino families and contribute to the well-being of their communities. Their services include support groups, family workshops, mental health services, and other educational programs. **A ScottMadden team member sits on Ser Familia's board of community partners.**



In 2023, ScottMadden participated in three events while also supporting the organization's holiday financial givings.

- Ser Familia hosted a **Community Health Fair event** which offered various health screenings and the distribution of food and wellness items, while providing entertainment and a day of fun for all. Five ScottMadden employees volunteered to help distribute food and toys, set up/clean up, and support other logistics to ensure successful operations of the event.
- We also participated, for the second year, in **Ser Familia's Sance event**, a celebration of Puerto Rican culture, including food, live music, and cocktails, led by Puerto Rican chefs and local community leaders.



The **Women@ScottMadden's ERG** organized office events to support Note in the Pocket and Ser Familia. Drives were held in the Raleigh and Atlanta offices to collect essential items for both organizations.

**The Raleigh office held a clothing drive for shoes, coats, and other essentials, and 10 ScottMadden employees delivered these items to Note in the Pocket's warehouse where they volunteered their time to help sort and organize donated items.**



The **Atlanta office** hosted a **women's care products drive in support of Ser Familia's Walking Among Us event**, a community health fair and health awareness day. Employees collected and packaged products into personalized care packages. Three ScottMadden volunteers attended the Walking Among Us event, which provides health check-ups, mental health appointments, family counseling, and more to Latino families in the greater-Atlanta area. The event includes a remembrance of victims of domestic violence and breast cancer. The volunteers not only handed out the personalized care packages but also supported logistics and clean-up throughout the event.



# Community Engagement



## EDUCATION ACCESS

Each year at ScottMadden's annual firm meeting, employees come together for an event to contribute and support one or more CPOs. This year, we supported **Project Just Because**, which is prominent among our Massachusetts office and represents our first community partner where one of our employees sits on the board of directors. At this fun event, employees packed backpacks with school supplies to support the organization's back-to-school drive.

**Project Just Because helps 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. Uniting the firm to support a single cause allowed us to maximize our impact to Project Just Because and have a rewarding team experience. For the seventh year in a row, ScottMadden supported Project Just Because's holiday program by providing donations to ensure the needs were met for families who are supported by the organization. In addition to a donation drive, employees provided onsite assistance to help organize donations.**





# 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 careers.

## Employee Well-Being

### EMPLOYEE BENEFITS

ScottMadden continually assesses the benefits we provide our team members by evaluating what is happening in the market and determining enhancements to our current offerings. In 2023, we improved our HSA employer contribution for all those participating in HSA-eligible health plans (\$500/year to individual accounts and \$1,000/year to family accounts).

We continued our Lifestyle Benefit Account program which allows employees to be reimbursed up to \$750 annually on expenditures promoting work-life balance. This past year, employees took their grandkids to Disney World, traveled the world, and continued their healthy lifestyles by buying gym memberships, golf clubs, and tennis rackets, using their Lifestyle Benefit Account.

We have also continued to promote the use of the Headspace app through targeted campaigns to employees throughout the year. In 2023, 99 active-subscribed employees who utilized the app completed nearly 4,000 minutes of collective meditation.

### SCOTTMADDEN 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. Our Culture Committee 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.

### OFFICE NEIGHBORHOODS

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 the Intown Golf Club, Flight Club, and other fun events.



# Employee Well-Being and Development



## Training and Development

For 2023, several talent management objectives were established and successfully met throughout the year:

- Reinforced thinking-writing and PowerPoint formatting training among consultants. Developed and delivered specific skill-building module to reinforce structured thinking (“Thinking and PowerPointing”)
- Developed and delivered a sponsor training refresher course for partners and directors
- Replaced LinkedIn Learning with Learning Management Software (LMS) for improved accessibility via Teams and learning assignment and reporting capabilities, all at a substantially lower cost
- Outlined learning module for focused project planning skill-building
- Delivered successful manager fundamentals training for developing new manager consulting skills

## CONSULTANT COMPETENCY TRENDS ANALYSIS

Competency rating data from individual performance reviews was analyzed. Reviewing four years of competency ratings, more than 6,800 individual ratings from 2019-2022 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.

In 2023, we launched the thinking-writing theme training to our consultants. The training focused on logic in writing (Pyramid Principle, vertical and horizontal flow in decks, etc.) and provided standard guidelines for formatting. The training achieved one of the highest completion rates recorded at more than 90%.

## SPONSOR TRAINING REFRESHER

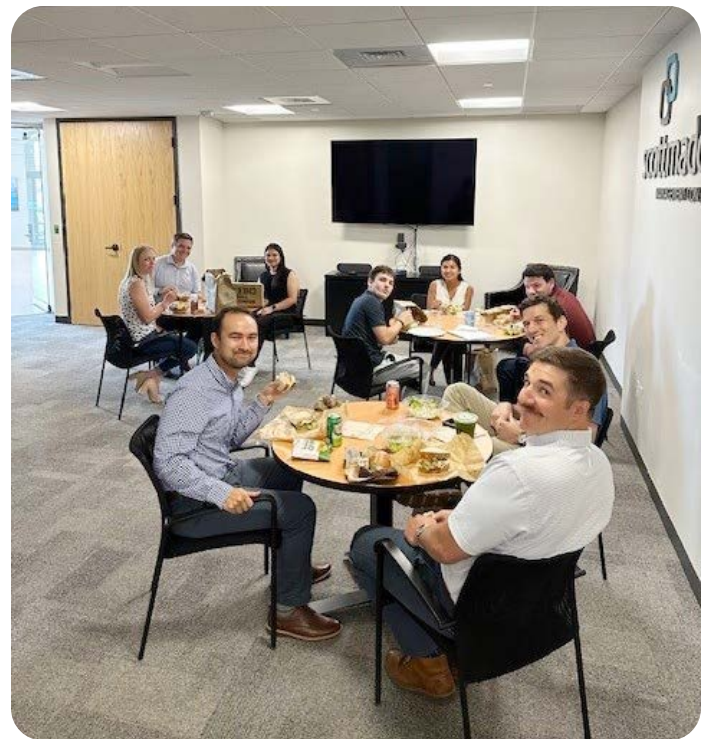
Because ScottMadden prides itself on developing its staff and relies on its sponsor program to guide and supplement development, a sponsor training refresher course was developed and delivered to all partners, directors, and managers serving in the sponsor role. The training was designed to ensure sponsors provide a consistent experience for the consultants as well as reinforce what it means to be a good people manager. The materials reviewed both expectations and leading practices for the sponsor role and the annual cadence of expected sponsor activities and outcomes.

## TRANSITION TO A LEARNING MANAGEMENT SYSTEM

In light of steadily declining usage (and increasing cost) of the LinkedIn Learning product, whose subscription expired at the end of 2023, alternative solutions were identified and evaluated. Based on the evaluation, LMS365 was selected as the replacement platform and successfully soft-launched in Q4 2023 with further training and content building planned for 2024.

## 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. In 2023, experienced ScottMadden directors facilitated the third session of 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 overhauled, with the next session planned for Q3-Q4 2024.





# 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

### SMALL TABLE TALKS

Throughout our journey, we've discovered the impact of education on Diversity, Equity, and Inclusion topics outside of formal, instructor-based training environments. This approach increases engagement, promotes healthy, intimate discussion, and increases awareness among colleagues. In 2023, we continued conducting Small Table Talks as our primary education and awareness method. 2023 Small Table Talks topics included the following:

- Impact of DE&I on the Modern Business Environment
- Role of DE&I in Technology and AI
- Bringing Your Authentic Self to Work

### MUSEUM VISITS

In 2023, we expanded our education approach by organizing visits to museums across all of our office locations, including a virtual option for our remote employees. Visits included the National Center for Civil and Human Rights in Atlanta, GA, North Carolina Museum of African American History, and a virtual tour of the National Center for Civil and Human Rights.

## Diversity and Inclusion Areas of Focus



## Talent Attraction and Retention

In 2023, 79% of the firm's new hires represented diverse dimensions, such as females, people of color, and veterans, an increase from 72% in 2022.

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 in partnership with 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

Since 2018, we have been proud to offer the ScottMadden Inspire Scholarship, which recognizes the achievements of African American undergraduate students in our communities. In 2023, we awarded a new scholarship to one student and renewed the scholarship for another student.



## Networking and Outreach

Employee Resource Groups (ERGs) create opportunities for fellowship, mentoring, and personal development, as well as a space for employees to build and sustain inclusion. In 2023, 35% of employees were involved in at least one ERG, while 19% were involved in more than one. We have three ERGs that continued to thrive in 2023, including Women@ScottMadden, 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**

**40**

**EMPLOYEES**

(including working parents, caregivers, and allies)





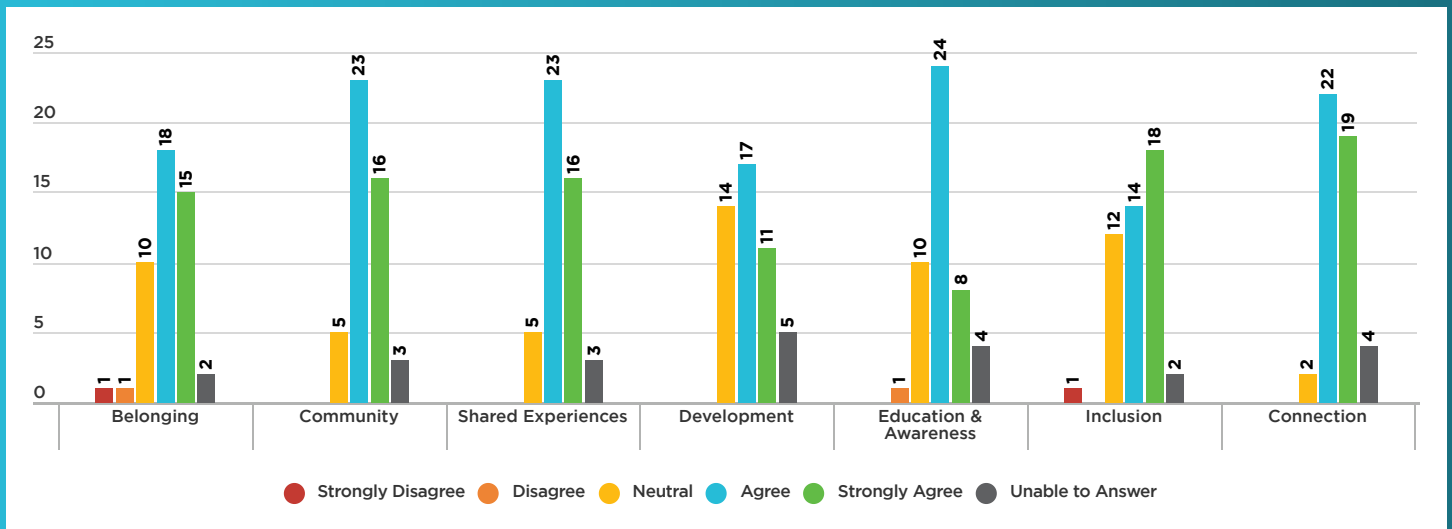
# Diversity and Inclusion



## How Are We Doing?

In 2023, we conducted an engagement survey for each of our ERGs. Feedback gathered through the surveys allowed each ERG to understand if they are successfully meeting the needs of the members and allies. Overall, results indicate most agree that ERGs are having a positive impact on Connection, Community, Shared Experiences, and Belonging. As we build our 2024 ERG plans, our focus will be on increasing opportunities for Development.

## Our ERG Annual Feedback Survey



## Additional ERG Survey Feedback and Quotes

### Impactful and Enjoyable Events



**Personal connections/stories**  
(e.g., hearing from colleagues about their experiences)



**Service events**  
(e.g., supply drives)



**Social events**  
(e.g., general gatherings, opportunities to learn together)



**Recurring events**  
(e.g., book club, morning training)



**Connections to firm activities**  
(e.g., recruiting events)

### Future Topics



**Professional Development**



**General Advice**

### Future Events



**Social Events**



**Service Events**



“I was able to join one of the **Book Club sessions** during lunch and had great discussions with my colleagues about dealing with stress!”



“The **Wine and Cheese Social** was nice to allow time to interact with those people I don't always work with normally.”



“The **Boot Camp event** was both fun and built camaraderie amongst consultants, both new and old, veteran and non-veteran. It gave those without military and/or service academy experience a glimpse into the hard work and daily sacrifices our veterans endured.”



“I'm a new employee, and I appreciate that ScottMadden is having conversations about **people's identities** and **familial responsibilities**. It helps me feel seen and valued at work, as well as gives me an opportunity to meet people who have similar identities as me and build relationships across the firm.”



If you would like to learn more about diversity and inclusion at ScottMadden, please visit: [scottmadden.com/diversity-and-inclusion](https://scottmadden.com/diversity-and-inclusion)



An aerial photograph of a dense, lush green forest. A light-colored dirt road winds through the trees in a series of S-curves, starting from the top center and moving towards the bottom. The trees are a mix of deciduous and coniferous species, creating a rich, textured canopy. In the upper left corner, there is a solid teal rectangular box containing the text "Our Planet" in white, sans-serif font.

# 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.**

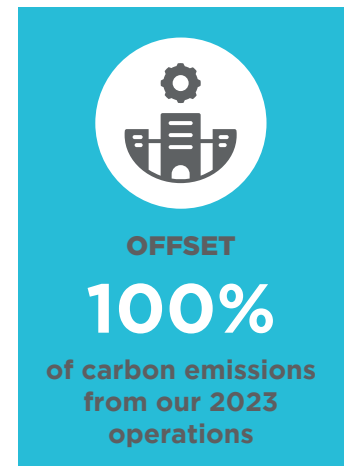
We are resolved to make thoughtful decisions regarding how we manage our environmental impact while continuing to provide the highest-quality consulting services. As reinforced by our recent materiality assessment, environmental issues continue to be of importance to our internal and external stakeholders.

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.

## 2023 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 voluntary 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. We continue to evaluate available options to responsibly mitigate the impact of our operations, including supporting a variety of offset projects, as well as offset alternatives.
- To offset emissions for 2023, we are proud to support a global portfolio of carbon avoidance, reduction, and removal projects that include developing renewable energy projects, improving forest management, reducing gas (methane) leaks, increasing industrial energy efficiency, and enabling biochar pyrolysis. 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 recently moved to a new office space in Massachusetts that uses electric rather than gas heating, which eliminates all of our Scope 1 emissions. As we continue to adjust our office space based on evolving business needs, the firm will consider energy efficiency and the environmental impact of our real estate portfolio.**

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 technologies drive productivity and efficiency, enabling us to offer services to clients while minimizing business travel.





## 2023 Carbon Tracking

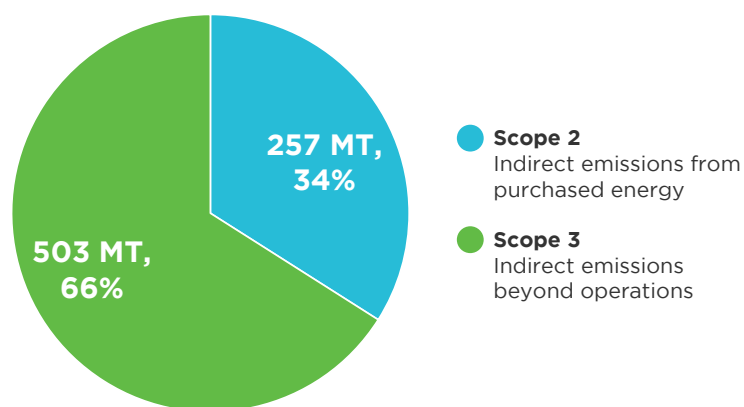
**In 2023, we advanced our commitment to reducing our emissions and environmental impact and continue to adapt to the upturn of business travel.**

ScottMadden's 2023 Scope 1, 2, and 3 CO<sub>2</sub> emissions totaled 760 metric tons, calculated in compliance with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard. This represents a 36% increase from 2022, and a 35% decrease from 2019 emission levels (i.e., pre-pandemic). As mentioned above, in 2023, we moved to a new office space in Massachusetts that effectively eliminated our Scope 1 emissions. As of the publication of this report, the electricity data for Scope 2 emissions attributed to this building are derived from estimates supplied by the property manager, which account for a significant portion of the 41% rise in Scope 2 emissions from 2022. While we anticipate an increase in electricity usage due to the elimination of gas heating, we consider these estimates provided to potentially overstate actual electricity consumption. We continue to work with our various building partners and may update our analysis in future reports if this proves to be a material change. Our Scope 3 emissions have increased from the prior year as we resumed necessary business travel activities but represent a 47% decrease from 2019 emission levels.

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 are dedicated to refining our carbon tracking methodology to align with best practices, which includes evaluating and enhancing our carbon tracking systems to accurately assess the full environmental impact of our business operations. In this spirit, we are also exploring our methodology of collecting primary data for our Massachusetts location to secure more precise building electricity data, ensuring our Scope 2 emissions reporting reflects a more accurate representation of actual energy use.

### 2023 Emissions (Metric Tons)



## 2023 EMISSIONS OFFSET PROJECT HIGHLIGHT

Selecting the appropriate carbon offsets to mitigate the environmental impact of our operations presents various challenges, including how to ensure the efficacy of the projects and the quality of monitoring and reporting throughout the life of the projects. Given these issues, we have selected a diversified offset portfolio approach. Our portfolio approach involves selecting a combination of different project types, across several regions, that have been certified by various reputable standards, including Verified Carbon Standard (VCS), The Clean Development Mechanism (CDM), The Climate, Community & Biodiversity Alliance (CCB), American Carbon Registry (ACR), Gold Standard, and The Puro Standard. This comprehensive approach allows us to contribute meaningfully to diverse sustainable development efforts, including emissions avoidance, reduction, and removal projects.

# Our Governance





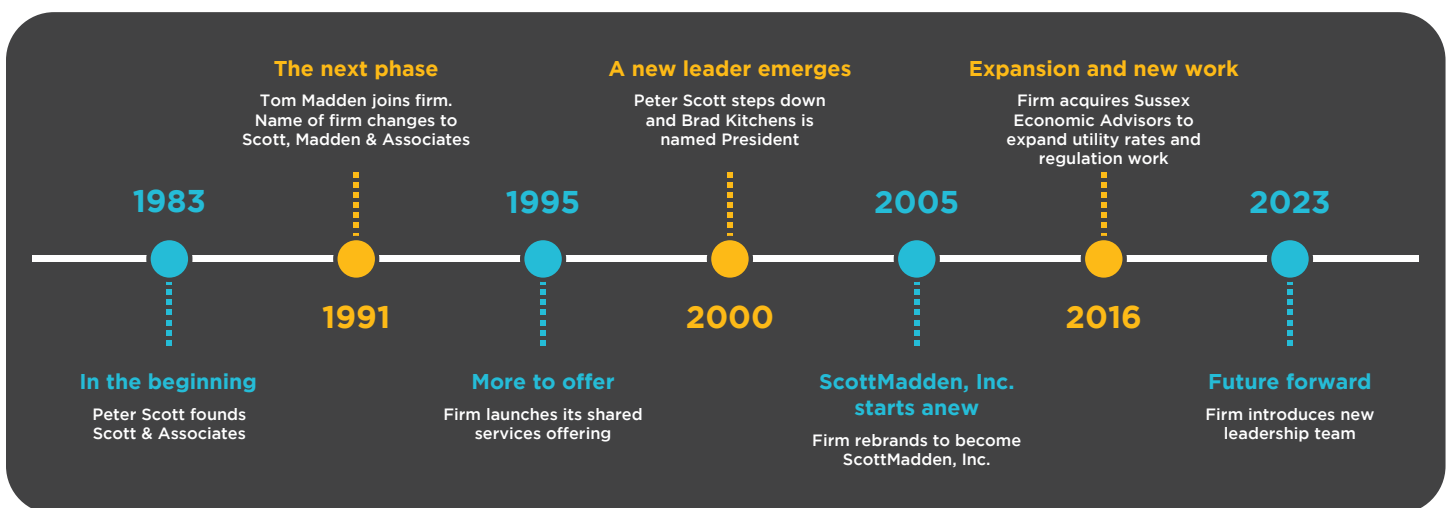
# Business Ethics and Integrity



## 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.

**History of Trust** built over the past 40 years of client service:



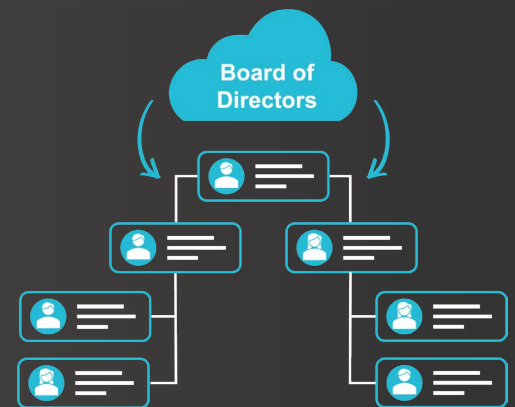
**Our Values** guide our work and shape our success:

- 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**



## 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 are aligned by practice and overseen by partner Practice Area Leads (PALs) who report directly to our CEO. In 2023, ScottMadden introduced two new PALs to the leadership team to help guide our core practice areas. 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.



<sup>1</sup>In accordance with our commitment to transparency, we have included a detailed breakdown of our current board diversity in the Reporting Methodology section of this report. This aligns with industry best practice and is based on standards established for publicly traded companies on the Nasdaq Composite.

## 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, nondiscriminatory behavior on a daily basis. We hold ourselves to the highest standards so that we may all excel.



### EQUITY

ScottMadden is committed to ensuring equal opportunities for all employees across functional levels regardless of race, gender, ethnicity, age, religion, sexual orientation, or other non-job-related factors. For consultants, every employee is compensated according to the same plan based on their title (i.e., Associate, Senior Associate, Manager, Director, or Partner). These same principles are applied to our back-office personnel and support staff.



### CLIENT PARTNERSHIPS

Our work is often confidential, and our advice and counsel frequently guide clients’ strategic decisions. Because protection of their situations 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.



# Business Ethics and Integrity



## 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.

## Our 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**  
completed  
**Non-Harassment**  
**Training**



**OF EMPLOYEES**  
acknowledged  
**Workplace Conduct,**  
**Conflicts of Interest, and**  
**Business Ethics polices**



## 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.



### **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 Recognition**

Cultural acknowledgement communications 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.

*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.*





# Data Privacy and Cybersecurity

## Guarding Our Data, Securing Our Future

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

We protect our company data by promoting awareness and actively identifying and mitigating cyber threats. Regardless of where we work, our risk-driven information security and business continuity program enables us to safeguard our data assets.

## Information Security Program and Security Awareness Training

**Our robust Information Security Program (ISP) and comprehensive Security Awareness Training empower our team to proactively identify, mitigate, and respond to evolving cybersecurity threats while upholding the highest standards of data privacy and protection.**

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 controls, procedure standards, and Acceptable Use Policy. It also identifies our data privacy obligations and requirements for

meeting clients' needs. For 2023, we've updated our security program to address emerging technology risks associated with our innovation efforts.

All active employees are required to complete our annual Security Awareness Training. For 2023, 100% of ScottMadden's users completed this curriculum which is updated annually to reflect our most important risks. 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 emerging threats.

We have an established Cybersecurity Center of Excellence (CoE) to deepen our expertise and offerings in managing cyber risk. This CoE supports our work in delivering cybersecurity services to clients. We commit to continually developing 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, and 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 assessment. Contents were guided by the results of our materiality assessment and available quantitative data. All data and metrics are from FY 2021, FY 2022, and FY 2023 unless otherwise noted.

We have updated the metrics tracked and reported to continue to align with sustainability reporting best practices. Of note, for our 2023 report, average volunteer hours per employee, Employee Resource Group (ERG) participation rate, office electricity intensity, and board diversity have been newly included. We have removed certain demographic data, including percent identifying as male (leadership, all, new hires) and percent identifying as non-minority (leadership, all, new hires).

## Summary of 2023 Results

Community Engagement			
Metric	2021	2022	2023
Charitable giving per employee	\$374	\$326	\$234
Charitable giving as a % of revenue	<1%	<1%	<1%
Average volunteer hours per employee	n/a	n/a	1.7
Number of boards employees are members of	n/a	20	19
Employee Well-being and Development			
Metric	2021	2022	2023
Healthy lifestyle program participation (% who submitted)	75%	63%	73%
Headspace app participation rate	53%	48%	40%
Mental health service utilization - medical plan	22%	24%	15%
Average annual nights out per consultant	7.6	16.3	16.8
Average annual training hours per employee	12.4	10.0	10.7
Average annual training hours per consultant	12.8	9.9	11.7
Average annual training hours per administrative staff	9.6	10.7	5.6
Diversity and Inclusion			
Metric	2021	2022	2023
% female - leadership	15%	17%	18%
% female - all employees	35%	35%	33%
% female - new hires	32%	42%	34%
% minority - leadership	21%	26%	25%
% minority - all employees	23%	23%	25%
% minority - new hires	14%	39%	32%



# Reporting Methodology

## Summary of 2023 Results (Cont'd)

Diversity and Inclusion (Cont'd)			
Metric	2021	2022	2023
% millennials/post-millennials (1981+) - leadership	26%	32%	33%
% millennials/post-millennials (1981+) - all employees	55%	51%	60%
% millennials/post-millennials (1981+) - new hires	68%	65%	92%
% veterans - leadership	10%	12%	11%
% veterans - all employees	8%	11%	11%
% veterans - new hires	12%	10%	24%
Inclusion survey response rate <sup>1</sup>	n/a	58%	n/a
Employee Resource Group (ERG) participation rate	n/a	n/a	35% <sup>2</sup>

Environment and Emissions			
Metric	2021	2022	2023
% emissions from Scope 1 (on-site gas heating)	1%	1%	0%
% emissions from Scope 2 (purchased power)	42%	32%	33.8%
% emissions from Scope 3 (business travel and employee commuting)	57%	67%	67%
Flight emissions per employee	0.75 MT CO <sub>2</sub> e	0.90 MT CO <sub>2</sub> e	1.07 MT CO <sub>2</sub> e
Vehicle emissions per employee	0.18 MT CO <sub>2</sub> e	0.28 MT CO <sub>2</sub> e	0.29 MT CO <sub>2</sub> e
Emissions intensity per employee	2.27 MT CO <sub>2</sub> e	2.67 MT CO <sub>2</sub> e	3.49 MT CO <sub>2</sub> e
Office electricity intensity	n/a	n/a	25.96 kWh/ft <sup>2</sup>
Carbon offsets purchased	429 MT CO <sub>2</sub> e	559 MT CO <sub>2</sub> e	760 MT CO <sub>2</sub> e
Waste diverted from landfills via composting	496 lbs.	680 lbs.	880 lbs.
Carbon equivalents avoided from composting	0.56 MT CO <sub>2</sub> e	0.80 MT CO <sub>2</sub> e	1.04 MT CO <sub>2</sub> e

Data Privacy and Cybersecurity			
Metric	2021	2022	2023
Security Awareness Training completion rate	100%	100%	100%
% employees who signed Acceptable Use Policy	100%	100%	100%

Business Ethics and Integrity			
Metric	2021	2022	2023
% of employees acknowledging workplace conduct, conflict of interest, and business ethics policies	100%	100%	100%

### Notes on metrics:

<sup>1</sup>Inclusion survey conducted every other year.

<sup>2</sup>Approximately 19% of employees are involved in more than one ERG in 2023.

# Reporting Methodology

## Board Diversity

In accordance with our commitment to transparency, we have included a detailed breakdown of our current board diversity below. This aligns with industry best practice and is based on standards established for publicly traded companies on the Nasdaq Composite. ScottMadden is committed to updating this annually to reflect any changes to our board composition.

Total Number of Directors: 3				
	Female	Male	Non-Binary	Did Not Disclose Gender
<b>Part I: Gender Identity</b>				
Directors	1	2		
<b>Part II: Demographic Background</b>				
African American or Black				
Alaskan Native or Native American				
Asian				
Hispanic or Latinx				
Native Hawaiian or Pacific Islander				
White	1	2		
Two or More Races or Ethnicities				
LGBTQ+				
Did Not Disclose Demographic Background				

# 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
	<b>Greenhouse gas emissions</b>	<b>4.18</b>	<b>3.92</b>	<b>4.02</b>	<b>3.09</b>	<b>3.55</b>	<b>3.55</b>
	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
	<b>Employee well-being</b>	<b>4.36</b>	<b>4.66</b>	<b>4.57</b>	<b>3.18</b>	<b>4.48</b>	<b>4.43</b>
	<b>Diversity, equity, and inclusion</b>	<b>4.50</b>	<b>4.35</b>	<b>4.17</b>	<b>4.18</b>	<b>4.34</b>	<b>4.05</b>
	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
	<b>Community engagement</b>	<b>4.50</b>	<b>3.73</b>	<b>3.86</b>	<b>2.95</b>	<b>3.37</b>	<b>3.69</b>
	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	<b>Business ethics and integrity</b>	<b>4.86</b>	<b>4.73</b>	<b>4.64</b>	<b>4.55</b>	<b>4.68</b>	<b>4.62</b>
	Customer satisfaction	4.59	4.56	4.17	4.32	4.76	4.17
	<b>Data privacy and cybersecurity</b>	<b>4.82</b>	<b>4.15</b>	<b>4.19</b>	<b>4.68</b>	<b>4.57</b>	<b>4.07</b>
	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

In the 2023 calendar year, ScottMadden continued to employ the carbon accounting model that has been used in our previous four Corporate Responsibility Reports. The assumptions made for calculating emissions related to business travel and electricity consumption are revised on an annual basis to guarantee that calculated emissions are fully represented and accurate.

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 2 emissions (purchased power) were calculated based on utility billing records and estimations provided by property management companies for our Framingham location. 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, 2022, and 2023 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.

