Sensiba

Certified B Corporation

2023-2024

Sustainability & ESG Impact Report

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Overview

Letter From Our Managing Partner

Dear Reader,

The year's edition of our Sustainability Impact Report follows the reporting framework established in July of 2023 by the International Sustainability Standards Board (ISSB) IFRS Sustainability and Climate-Related Disclosure Standards (IFRS S1 and S2). As accountants and consultants, we understand that the best way to explore the nuances and potential implications of a new disclosure framework is by examining it through the lens we know best—ourselves.

In this report, we highlight our success over the past year in improving our ESG practices and understanding our sustainability-related risks and opportunities. These include establishing an internal Risk Advisory Board, creating a supplier code of conduct, expanding our Employee Resource Group (ERG) and Affinity Group models, and other operational improvements designed to give us deeper insights and position us as a leader in sustainability and climate action.

We're proud of the progress we've made so far, and we've identified clear plans to enhance our efforts. I'd like to thank our professionals for the hard work they do every day on behalf of our clients, our firm, and our planet. We look forward to continuing our work toward a more sustainable future.

John D. Sensiba
Managing Partner

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Contact Us

About Sensiba

Sensiba's comprehensive accounting, tax, and consulting services help businesses and people solve problems, navigate complexity, and build a foundation for sustainable growth.

A top-75 U.S. firm, we're passionate about collaborating with clients to increase efficiency, mitigate risk, and prepare to embrace emerging opportunities. As a certified B Corp, we foster a culture where people, families, and communities thrive. We support our clients' international accounting, auditing, tax, and consulting needs as an independent member of Morison Global. Our team members come from a variety of backgrounds, which empowers us to deliver insightful solutions that meet our clients' issues, perspectives, and goals.

We have more than 400 employees, with 11 of our 25 equity partners (44%) identifying as female and 5 out of 25 (20%) identifying as an individual of color. We're proud to have been honored as an outstanding service provider and employer by prestigious organizations including Real Leaders, Best of Accounting, Best for the World: Governance™, Top Work Places, and others.

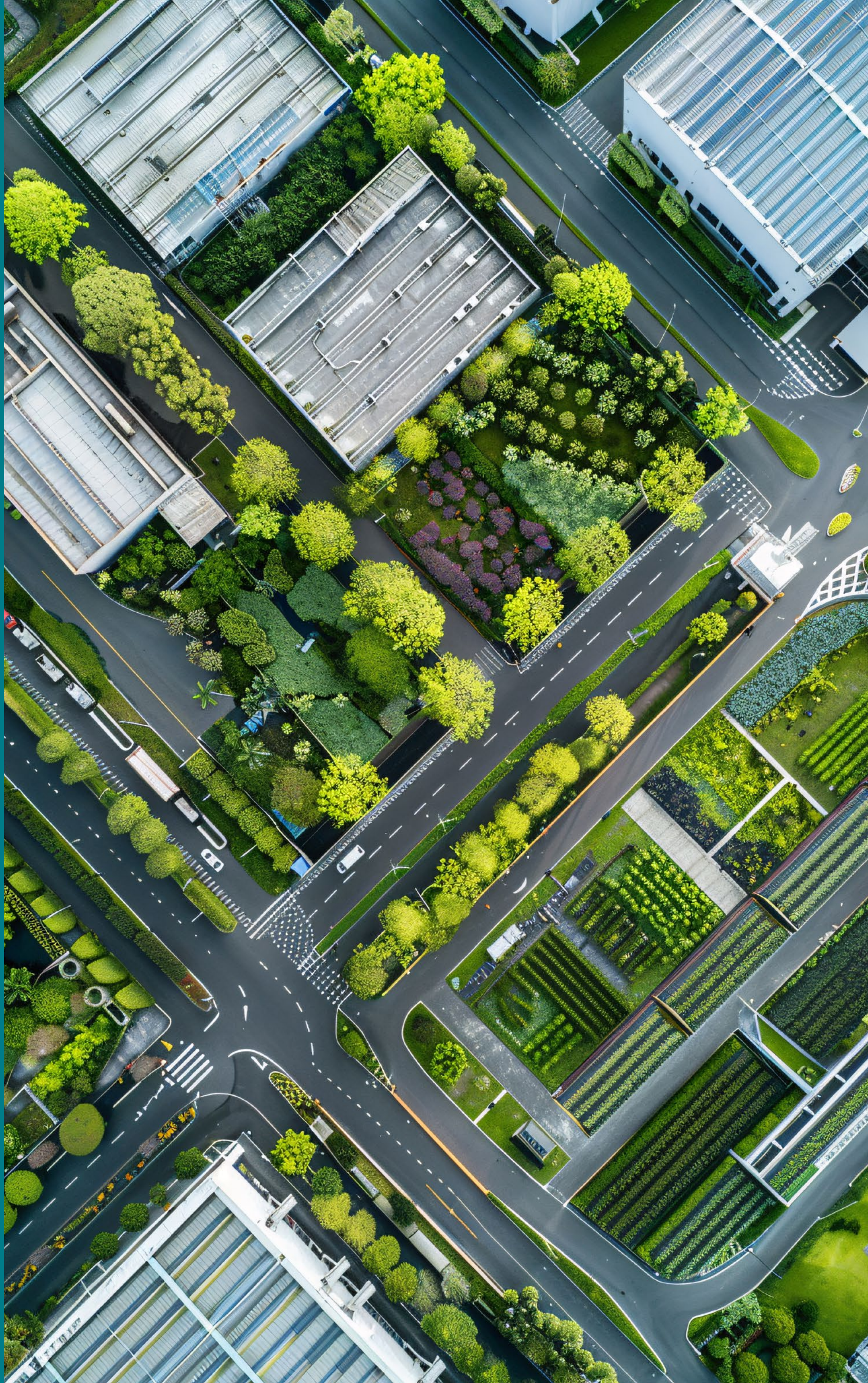
Mission and Values

Mission

Sensiba believes in providing our clients with more than just a tax strategy or financial reporting—we believe in helping people achieve their goals and rest easier knowing they have someone on their side. We leverage the power of business to solve social and environmental challenges. Our workplace culture is guided by a single, fundamental belief based on the “Platinum Rule” of business: “We treat people how they want to be treated.” This passionate approach is translated through our work and our client relationships.

Core Values

We’re people first. Our work affects real people, families, and communities. Above all, we’re empathetic, open-minded, and kind. We’re professional problem-solvers. We’re subject-matter experts. But more than that, we’re analytical, resourceful, and technically nimble. We’re curious collaborators. We build partnerships around honest communication and accountable teamwork. We’re steadfast leaders. We’re ambitious, proactive, and committed to adding value. We take our responsibility—to our clients, communities, and team members—seriously.



Community Engagement and Acknowledgements

Our Giving Commitment

We have long stressed the value of active community involvement, with our people volunteering time to over 180 organizations aligned with the causes they care most deeply about. As a firm, our financial donations follow the organizations our people support with their time and effort.

VOLUNTEER HOURS

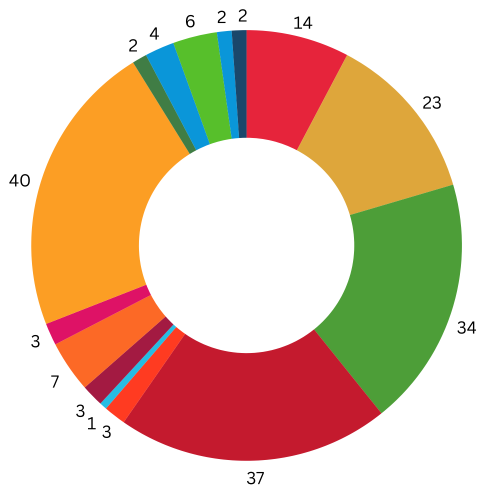
5,200

FINANCIAL DONATIONS

$323K

Collectively, this includes more than 5,200 hours of volunteer time in 2023 and early 2024, as well as nearly $323,000 in financial donations to organizations and charities including the American Red Cross, Boy Scouts of America, several food banks, chambers, and dozens of others. Our volunteer activities and donations often align with the Sustainable Development Goals (SDGs) developed by the United Nations to support its 2030 Agenda for Sustainable Development.

Number of organizations we've donated to or volunteered with over the past year:



Executive Summary

In this year's impact report, we've aligned our sustainability and reporting efforts with the International Sustainability Standards Board (ISSB) IFRS Sustainability and Climate-Related Disclosure Standards (IFRS S1 and S2).

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information requires entities to disclose information about their sustainability-related risks and opportunities useful to primary users of general-purpose financial reports in making decisions related to providing resources to the entity. This includes risks and opportunities that could affect the entity's cash flows, access to finance, or cost of capital over the short, medium, or long term.

IFRS S2 Climate-related Disclosures requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance, or cost of capital over similar timeframes. This framework allows us to present a comprehensive and transparent account of our environmental, social, and governance (ESG) risks and opportunities, and our performance against industry-specific sustainability metrics and targets.

By moving toward these globally-recognized standards, we aim to ensure the accuracy, comparability, and reliability of our sustainability data, and to reinforce our commitment to responsible business practices and long-term value creation for our stakeholders. While our firm is not required to report at this level, we are developing our internal processes, procedures, and plans to ensure this alignment becomes a reality.

To provide a transparent picture of our impact, we have included fundamental metrics and findings from the numerous frameworks we have untaken as a firm to measure our sustainability efforts and to be better for all stakeholders. You'll find results from our B Corporation and EcoVadis assessments, SASB and DEI reporting metrics, carbon footprint data, and emission reduction action plan. You'll also find details about our strategy, approaches, and plans for evaluating our sustainability, ESG, and climate-related risks and opportunities, and understanding the financial implications.

Our Progress

Over the past year we achieved significant milestones, including completing a supplier code of conduct and a process to implement it for all our suppliers and vendors by the end of 2024, and completing this IFRS ISSB-aligned impact report.

Despite these successes, we faced challenges such as building ESG and sustainability metrics in our new technology implementations across the firm, and the market's readiness for undertaking ESG and sustainability services. These experiences provided valuable lessons, reinforcing the need for resilience and adaptability in our sustainability strategies for our firm and clients.

CARBON FOOTPRINT GOAL

↓ **50%** →

FROM BASELINE YEAR

2022

Looking ahead, we have ambitious goals to further reduce our carbon footprint, aiming to achieve an overall 50% reduction from our baseline year by 2030. We plan to invest in technology and policies to make this goal a reality.

We actively engage with our stakeholders throughout the year, incorporating their feedback to refine our sustainability initiatives. Our success is a testament to the dedication and hard work of our employees, partners, and communities.

International Sustainability Standards Board IFRS S1 & S2 Compliant Report

CONCEPTUAL FOUNDATIONS

- Fair Presentation
- Materiality
- Reporting Entity
- Connected Information

CORE CONTENT

- Governance
- Strategy
- Risk Management
- Metrics and Targets

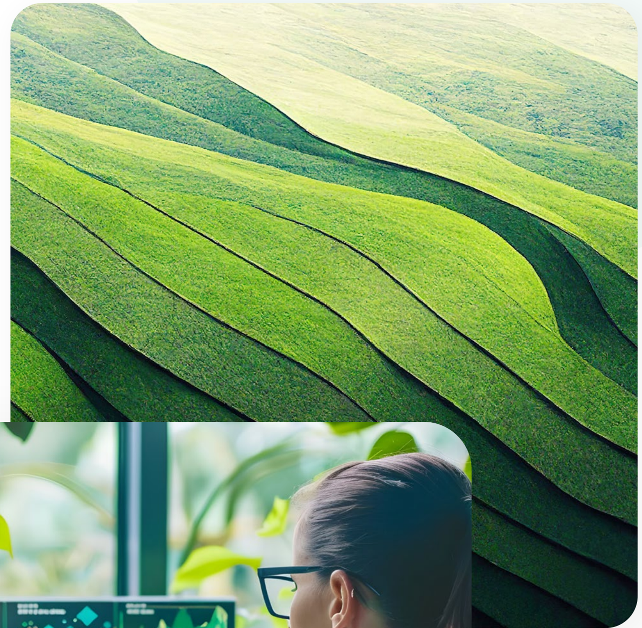
GENERAL REQUIREMENTS

- Source of Guidance
- Location of Disclosures and Time of Reporting
- Comparative Information
- Statement of Compliance

For more information and background on the conceptual foundations, core content, or general requirements of this report, please see the related sections in the Appendix.

Governance Overview

Delving into our governance strategies, this section unveils how our organization manages and monitors sustainability and climate-related risks and opportunities.



The Sensiba Risk Advisory Board, comprised of key leaders across finance, operations, legal, and sustainability, oversees these efforts. The board ensures sustainability considerations are integral to our decision-making processes by setting and monitoring targets while integrating performance metrics into remuneration policies. They receive regular updates on sustainability and climate risks, driving strategic decisions and fostering a sustainability culture through employee engagement and training.

Additionally, the advisory board is committed to compliance, innovation, and stakeholder engagement, working to align ESG strategies with business objectives and advocating for sustainability within our industry. They manage budget allocations for sustainability initiatives, cultivate partnerships with NGOs and government bodies, and monitor performance data to ensure continuous improvement.

Through these comprehensive governance practices, the board aims to position our firm as a leader in sustainability and climate action. For more specific information on our governance, please refer to the Appendix.

Strategy Overview

Our Sustainability Focus

Our firm's sustainability strategy embraces a continuous cycle of challenge and improvement, setting new benchmarks in our ESG practices. At the heart of this strategy is transparency and communication with all our stakeholders. That communication comes in the form of this report, which we regularly refine to align with current global, federal, and state standards. We strive to set a bar in our industry, illustrating our commitment to leading by example in sustainability and corporate responsibility, helping our clients to do the same. In 2023-2024 we committed to:

Refining our carbon measurement techniques and reinvesting our carbon compensation into the firm, bolstering our efforts to reduce our environmental footprint.

Expanding our Employee Resource Group (ERG) and Affinity Group model, which aims to enhance our workplace culture, gather comprehensive feedback, and foster innovation.

Reviewing our governance documentation, seeking opportunities for enhancement and risk mitigation.

To review highlights on how we met these commitments see, "How We Did Against Our 2023-2024 Commitments" on page 21.

Sustainability and Climate-related Risks, Opportunities, and Financial Implications

While the sustainability challenges facing accounting and advisory firms are not trivial, they also present significant opportunities to lead in innovation, service expansion, and corporate responsibility. We work to adapt to these dynamics proactively to enhance our competitive advantages and long-term operational sustainability.

> "We not only proactively adapt to the significant opportunities for our firm, but also create a multiplier effect by leveraging our learnings and experience to influence the actions of our clients."
>
> Julien Gervreau
> *ESG & Sustainability Director*

Description of Risks, Opportunities, and Financial Impacts

In 2023, Sensiba completed a double materiality assessment to obtain robust measurement of our baselines and progress on a host of sustainability and climate-related risks and opportunities, as well as a more extensive disclosure process around ESG topics.

The systems-based process underlying the assessment maps to the new ISSB IFRS S1 and S2 reporting standards and is designed to sit alongside a company's financial statements, presenting sustainability risks and opportunities within the context of our financial prospects. It provides our leadership team with an investor-grade ESG framework through statements and dashboards that enable insights into material risks, value creation opportunities, industry benchmarks, and more.

The results of our materiality report were informed by auditable investment-grade data generated during the assessment process, and independently reviewed by Impakt IQ Founder, Elisa Turner.

Key risk areas identified through the materiality assessment for our organization include:

- Professional integrity
- Labor practices
- Workforce DEI
- Data security
- Workforce engagement
- Greenhouse gas emissions
- ESG management awareness
- Local communities
- Climate-related opportunities and capital deployment
- Advertising and data privacy

To review more data from our SASB metrics, see "Sustainability Accounting Standards Board (SASB) Report" on page 14.

Overall, the most significant finding in the assessment was that many of our processes related to the relevant ESG issues are in place but need more documentation and formalization. For example, in the Human Capital area we found that our biggest area for improvement was developing and implementing a Supplier Code of Conduct (COC).

As such, we prioritized the development of a COC in 2023. In early 2024, we completed the COC along with processes and procedures for implementation. We are currently rolling out the document to all suppliers and vendors for signature, and expect to have at least 90% compliance by the end of 2024.

Similarly, in the environmental area we needed a maturation of our carbon inventory measurement and reduction action plan to help with our energy management strategy. In 2023 we shifted our measurement to a more robust platform and created a science-aligned reduction plan. For more information, see "Greenhouse Gas Inventory and Reduction Action Plan" on page 15.

To further assist in formalization and documentation of our relevant sustainability and climate-related processes, we hired in-house legal counsel in 2023 and a new chief operating officer in 2024 to support our operations and the sustainability director.

For more information on our time horizons for improvements and our value chain, please refer to the related sections in the Appendix.

Concentration of Risks and Opportunities

As a professional services firm, our strength lies in the quality of our professionals. Our sustainability and climate-related risks and opportunities are predominantly centered around our people. Additionally, our client-facing sustainability and ESG consulting practice is a crucial area of focus.

The most significant risk for our firm is related to our labor practices. According to the Wall Street Journal, the college enrollment of individuals pursuing accounting degrees dropped by 7.4% from 2021 to 2022, marking the largest decline in a single year since at least 1994-1995. This year-over-year decrease in accounting graduates will impact our ability to hire and retain top talent.

Our recruitment and retention efforts offer significant opportunity, driven by the growing desire of individuals to work with and for sustainable companies. Our certified B Corporation status, coupled with our sustainability and ESG consulting practice, enhances our reputation and serves as a real differentiator.

In 2019, we began an intentional diversity, equity, and inclusion (DEI) journey when Managing Partner John Sensiba signed the CEO Action Pledge for Diversity and Inclusion, and we drafted a DEI statement and action plan. Our action plan has been updated annually, and we created an internal DEI Committee in 2022 to help us monitor our progress toward our goals. These strategic moves were made to help us mitigate our human capital risk.

To read more about our DEI statement and objectives, refer to the Strategy section of the Appendix.

Our sustainability and ESG consulting practice brings both risks and opportunities. While it opens doors for recruitment, retention, and future revenue growth, we face increasing competition as other firms enter the space. We aim to maintain our competitive edge through evolving services, collaborations, and partnerships, and expect this practice to remain a differentiator for another three to seven years.

By understanding where these risks and opportunities are most concentrated, we can tailor our strategic responses more effectively, ensuring resilience and sustainability in our operational and strategic frameworks.

For more information on our strategy and decision-making, resilience, and risk management, please refer to the related sections in the Appendix.

Metrics and Targets

Our metrics and targets demonstrate our performance in addressing sustainability-related risks and opportunities, and detail our progress toward compliance with relevant legal and regulatory standards.

We showcase our findings from several different ESG frameworks, including SASB, B Corp certification, EcoVadis, GHG Protocol-aligned carbon footprint measurements, and science-aligned emissions reduction action plans.

Sustainability Accounting Standards Board (SASB) Reporting

ESG frameworks like the standards established by the Sustainability Accounting Standards Board (SASB) are built on the concept of "dual materiality." This accounting term is not just a theoretical construct, but a practical tool that helps us understand how corporate information can significantly impact both a firm's financial value and its broader societal impacts.

We believe the SASB standards for the "Professional & Commercial Services" and "Advertising & Marketing" sectors are particularly relevant to our firm. We use these standards to guide our sustainability management and financial performance, optimizing efficiency and redesigning processes to mitigate risk and unlock opportunities.

While "Professional & Commercial Services" is considered a straightforward standard for an accounting firm, "Advertising & Marketing" may seem less applicable until we consider the appropriateness of leveraging the dual materiality concept. The advertising and marketing standards can impact our financial performance (financial materiality) and broader societal expectations (environmental and social materiality).

Effective advertising and marketing practices can enhance an accounting firm's reputation, helping to attract and retain clients and talent. Compliance with advertising standards helps avoid fines and legal repercussions, which can have direct financial implications. Promoting services without exaggeration or false claims supports integrity and aligns with our firm's and industry's ethical standards.

Sensiba's Relevant SASB Disclosure Topics and Metrics

Topic	Measurement	Industry Average	FYE 2022	FYE 2024	SASB Code
Workforce Diversity, Inclusion, and Engagement	Employee Satisfaction	82%º	83%º	84%º	SV-PS-330a.3
	Employee Engagement	81%	82%º	87%º	
	# of Individuals in Firm[1]	—	351	499	SV-PS-330a.1
	Identify as Female in Firm	48%[2]	59%	59%	
	Identify as POC in Firm	21%[2]	47%	46%	
	# of Individuals in Leadership	—	115	118	
	Identify as Female in Leadership	º	49%	50%	
	Identify as POC in Leadership	º	30%	32%	
	# of Individuals in Equity Partner Group	—	24	25	
	Identify as Female in Equity Partner Group	º	46%	44%	
	Identify as POC in Equity Partner Group	º	21%	20%	
	Voluntary Turnover Rate[3]	º	14%	10%	SV-PS-330a.2
	Involuntary Turnover Rate[3]	º	4%	13%	
Data Security and Data Privacy	Number of data breaches	º	0	0	SV-PS-230a.3
	Percentage of customers Impacted	º	0%	0%	
	Number of customers affected	º	0	0	
Professional Integrity	Total amount of monetary losses from legal proceedings associated with professional integrity	—	$0	$0	SV-PS-510a.2
Advertising Integrity	Percentage of online advertising impressions targeted to custom audiences[4]	—	100%	100%	SV-AD-220a.2
	Total amount of monetary losses because of legal proceedings associated with false, deceptive, or unfair advertising	—	$0	$0	SV-AD-270a.1

[1]Total number of employees includes all employees employed during that fiscal year.
[2]2021 National Management of an Accounting Practice (MAP) Survey
[3]Tracked by HR and when adjusted for internships, the firm's employee retention rate is above 90%. Internships are typically for a fixed duration, with most becoming employees after they earn their degrees. Figures above reflect actual turnover and retention rates, including internship-related turnover.
[4]Sensiba tailors 100% of our digital advertisements to focus within our service territory, the United States. Additionally, our ads are targeted using specific keywords and phrases to reach those actively seeking our services.

Sustainability Disclosure Topics and Metrics

Topic	Measurement	CYE 2022	CYE 2023	IFRS Code
Greenhouse Gas Emissions	Calculation Tool Used	Change Climate: Business Emissions Evaluator (BEE)	North Star Carbon Management	IFRS S2.29.a.iii
	Scope 1	64.8 tCO2e	50.38 tCO2e	IFRS S2.29.a.i.1
	Scope 2	153.2 tCO2e	123.89 tCO2e	IFRS S2.29.a.i.2
	Scope 3	1,040.6 tCO2e	968.39 tCO2e	IFRS S2.29.a.i.3
	Total Carbon Emissions	1,259 tCO2e	1,142.66 tCO2e	o

Greenhouse Gas Inventory and Reduction Action Plan

GREENHOUSE GAS (GHG) INVENTORY

Sensiba has been measuring its carbon footprint since 2019. As tools and standards have evolved, our measurement process has matured. In 2022, we set a new baseline year for our reporting. This was due to more robust measurement of our Scope 3 emissions.

Our 2022 baseline was calculated leveraging Change Climate's Business Emissions Evaluator (BEE), which applies a hybrid model based on environmentally extended input–output analysis and emission factor databases to estimate and refine our emissions.

Our 2023 emissions were calculated using North Star Carbon Management's GHG inventory tool.

This shift in tools stems from our desire to continuously refine our calculations and have them further align with global standards and the GHG Protocol.

Our emissions include data for our office energy consumption, purchased goods and services, and capital expenditures. For employee commuting and travel, we conduct an annual carbon footprint employee survey to gather data, augmented by mileage reimbursement rates and data.

OUR 2023 INVENTORY

Our Scope 1 emissions, primarily from natural gas usage for heating, saw a 6% decrease over the past year but remain less material than Scopes 2 and 3. Scope 2 emissions increased by 8%, reflecting a 17% growth in headcount. Notably, we achieved a 29% reduction in Scope 2 emissions at our San Jose office by moving to a smaller, more energy-efficient space, balancing increases at other locations.

Scope 3 emissions variance between 2022 and 2023 is due to the use of a more sophisticated emissions tracking tool, changes in hiring strategy, and rebranding costs. The tool enabled more accurate data and emissions factor calculations. The shift toward more remote work reduced commuting emissions but increased work-from-home emissions. The variance in “Purchased Goods and Services” reflects costs associated with branding design, including new signage, a new website, and branded items. Scope 3 highlights include a shift to more eco-friendly travel options, such as ridesharing and trains, and a deliberate 30% reduction in air travel.

FUTURE FOCUS

Over the next two years, we'll focus on expanding our reporting to encompass a comprehensive analysis of climate-related risks and opportunities. This will include a detailed investigation into climate-related transition risks, assessing the amount and percentage of assets or business activities that are vulnerable to these risks.

Similarly, we'll evaluate climate-related physical risks by identifying the assets or business activities at risk from physical climate impacts. In addition to risk assessment, we'll explore climate-related opportunities by quantifying the amount and percentage of assets or business activities aligned with these opportunities. Our reporting will also cover capital deployment, detailing the amount of capital expenditure, financing, or investment directed toward climate-related risks and opportunities.

Furthermore, we will disclose our internal carbon prices, providing transparency on how these prices influence our strategic and operational decisions. Through these efforts, we aim to provide a robust and forward-looking view of our climate-related financial exposures and strategic responses.

OUR REDUCTION ACTION PLANS

Sensiba has developed a reduction action plan to shape our emissions reduction goals. We've voluntarily opted into a science-aligned target of a 50% reduction from our baseline levels (1,259 tCO_2e) by 2030, with an expected decrease of 7.15% annually. Some of the steps we plan to take include:

1

Scope 2, Office electricity usage

We will transition 50% of our current average grid mix to renewable energy through our electricity providers in three office locations.

2

Scope 2, Remote worker electricity usage

We will transition 35% of remote worker electricity consumption to renewable energy sources by offering subsidies for switching energy generation sources to 100% renewables in communities where this is an option.

3

Scope 3.7, Employee commuting

We will reduce employee commuting emissions by 15% by incentivizing walking, biking, public transit, or rideshare usage.

B Corporation Certification Reporting

B LAB THIRD-PARTY CERTIFICATION

Sensiba LLP became a Certified B Corporation on May 4, 2018. This certification means our firm's overall environmental and social performance is measured and verified by a third-party nonprofit, B Lab.

This certification requires us to meet stringent social and environmental standards and to embed these commitments into our governing documents for long-term adherence. It also offers a rigorous evaluation of our business, helping us identify improvement areas and continuously create value socially, environmentally, and financially.

By joining a community of purpose-driven leaders who share similar values, we're part of a larger mission that transcends our firm. Additionally, B Corp status helps attract and retain top talent by demonstrating our dedication to a greater purpose, aligning with what the best employees seek in a workplace.

We chose the B Lab Impact Assessment because it is the leading certification for purpose-driven businesses. The assessment focuses on five general categories—environment, workers, community, customers, and corporate governance—and helps to quantify how we fulfill our purpose of using Business as a Force for Good™.

At the time of the development of this report, we applied for our 2025 re-certification and are currently in review with B Lab. Our previous B Lab verified score from our 2022 recertification was 99.4.

Sensiba B Impact Assessment Score	2022*
Governance	**21.2**
Mission and Engagement	4.8
Ethics and Transparency	6.2
Mission Lock	10
Workers	**37.4**
Financial Security	11.5
Health, Wellness, and Safety	10.8
Career Development	7.2
Engagement and Satisfaction	7.8
Community	**24.5**
Diversity, Equity, and Inclusion	8.2
Economic Impact	9.0
Civic Engagement and Giving	5.0
Supply Chain Management	0.0
Environment	**11.6**
Environmental Management	4.5
Air and Climate	3.1
Water	0.5
Land and Life	2.7
Customers	**4.7**
Customer Stewardship	4.3
Support for Underserved/Purpose-Driven Enterprises (IBM)	0.4
Impact Improvement (IBM)	—
Overall	**99.4**

2022 data has been verified and certified by B Lab.
2025 recertification data has been submitted for verification to B Lab on October 1, 2024.

EcoVadis Metrics Reporting

In 2023, Sensiba selected EcoVadis for additional ESG benchmarking and reporting to enhance our sustainability practices, improve transparency, and respond effectively to increasing expectations from various stakeholders.

EcoVadis is recognized globally and its ratings are used by over 130,000 businesses worldwide. The evaluation framework incorporates international sustainability standards, including the Global Reporting Initiative (GRI), the United Nations Global Compact, and ISO 26000, and tailors them to the specific needs of various industries. Based on our assessment results, we plan to improve our documentation and written policies in governance and suppliers' sustainability practices as well as work on our supply chain management and risk mitigation. EcoVadis awarded Sensiba with a silver medal in recognition of our sustainability achievement.

OVERALL
61 / 100 → PERCENTILE **78th**

ENVIRONMENT
60 / 100

LABOR AND HUMAN RIGHTS
70 / 100

ETHICS
50 / 100

SUSTAINABLE PROCUREMENT
50 / 100

EcoVadis Findings and Sensiba Improvement Plan

FINDING

Despite the company implementing measures regarding environmental issues, policies are only basic.

IMPROVEMENT PLAN

Recognizing that we are a professional services firm with a minor environmental footprint, at the time of this assessment we had more basic policies. Since then, we have:

- Refined our measurement and reduction plans.
- Turning our attention to more robust policies to assist in greater reductions.

Since a majority of our footprint comes from travel, we have implemented the Navan platform firmwide for better tracking of our travel and the emissions incurred. The platform also encourages lower emissions travel options. Additionally, we have developed more inclusive travel policies to be mindful of our transgender employees.

FINDING

There is a lack of reporting on KPIs regarding ethics issues.

IMPROVEMENT PLAN

Our internal ethics KPI reporting at the time of this assessment was fairly basic as we rely heavily on our licensure as a Certified Public Accounting firm and the associated ethics training and KPIs for that industry. Recognizing that the employee makeup at accounting firms is expanding to a wider range of business professionals, we are retooling our internal KPIs and policies across several categories to reflect that shift. Our updated ethics KPIs align with the ISSB IFRS S1 standards. We currently have an internal anonymous suggestion box and leverage Ethena's employee hotline reporting tool as well as client retention surveys for additional feedback loops to identify potential ethical dilemmas or challenges in serving clients' and the public's trust. We plan to build better documentation around those processes.

FINDING

No records found in third-party risk and compliance database.

IMPROVEMENT PLAN

Sensiba inadvertently neglected to mention our periodic Public Company Accounting Oversight Board (PCAOB) inspection when submitting our documentation. The purpose of a PCAOB inspection is to accurately assess, drive improvement in, and communicate audit and assurance quality. We plan to share our PCAOB inspection letter in our improvement submission. Our external peer review inspections occur every three years and have historically shown a "pass without comment" score.

FINDING

There is a lack of reporting on KPIs regarding sustainable procurement issues.

IMPROVEMENT PLAN

Sensiba plans to develop an improvement plan in 2025. Being a professional services firm, we do not have the level of procurement of physical goods as would a manufacturer or other organization with large inventories or raw materials. Being a paperless firm that mostly works in a virtual environment, our level of procurement is limited. As such, this is a lower priority to our overall sustainability plan. However, we do capture those limited procurement emissions within our GHG inventory.

How We Did Against Our 2023-2024 Commitments

ENVIRONMENTAL STEWARDSHIP (E)

We enhanced our carbon measurement techniques and shifted our carbon compensation strategy. In previous years our carbon compensation strategy included purchasing offsets to compensate for our emissions. This year we took the cost of what we would have used to purchase offsets and reinvested those funds back into the firm, bolstering our efforts to reduce our environmental footprint.

- For our 2023 emissions, we transitioned to North Star Carbon Management's GHG inventory tool. This shift reflects our commitment to continuously refining our calculations to align with global standards and the GHG Protocol. The tool provided more precise emissions factors and enhanced transparency in data auditability.
- We reallocated our previous offset purchase budget for 2023 to fund our reduction action plan, prioritizing long-term net zero solutions over short-term carbon-neutral claims.

SOCIAL RESPONSIBILITY (S)

We expanded our Employee Resource Group (ERG) and Affinity Group model to enhance workplace culture, gather comprehensive feedback, and foster innovation.

- In 2023, the DEI Committee established an ERG Task Force to develop an internal ecosystem for various ERGs and affinity groups. The task force created resources, templates, and forms for individuals interested in starting or joining a group. We amplified the voice of the existing Parent affinity group and supported the formation of an LGBTQIA+ Pride ERG. A firmwide Town Hall presentation received excellent feedback from staff. We plan to launch a neurodiversity ERG next year.

GOVERNANCE (G)

We are progressively reviewing our governance documentation to identify opportunities for enhancement and risk mitigation.

- Our policies required updates due to our rapid growth and changes in our business structure. Historically, our firm comprised mostly certified public accountants held to specific licensure standards. With the industry's evolution to include professionals such as engineers, data scientists, and sustainability experts, we need to ensure the same level of conduct and ethics applies to all our professionals, maintaining our high standards of trust and quality for clients.
- We introduced a new supplier code of conduct, aligning our internal expectations of ourselves and communicating that we expect our vendors and suppliers to hold to the same. We are integrating a new document and contract lifecycle management tool to facilitate the implementation and maintenance of this code. We aim to achieve at least 90% compliance by the end of 2024.

Closing Thoughts

As our ESG measuring and reporting methods have matured, we've developed this report to create a space for transparency and accountability in business and to invite other companies to join us on our journey of sharing this information with our clients, our stakeholders, and our communities.

For more information about our journey, or help with your own, contact our team.

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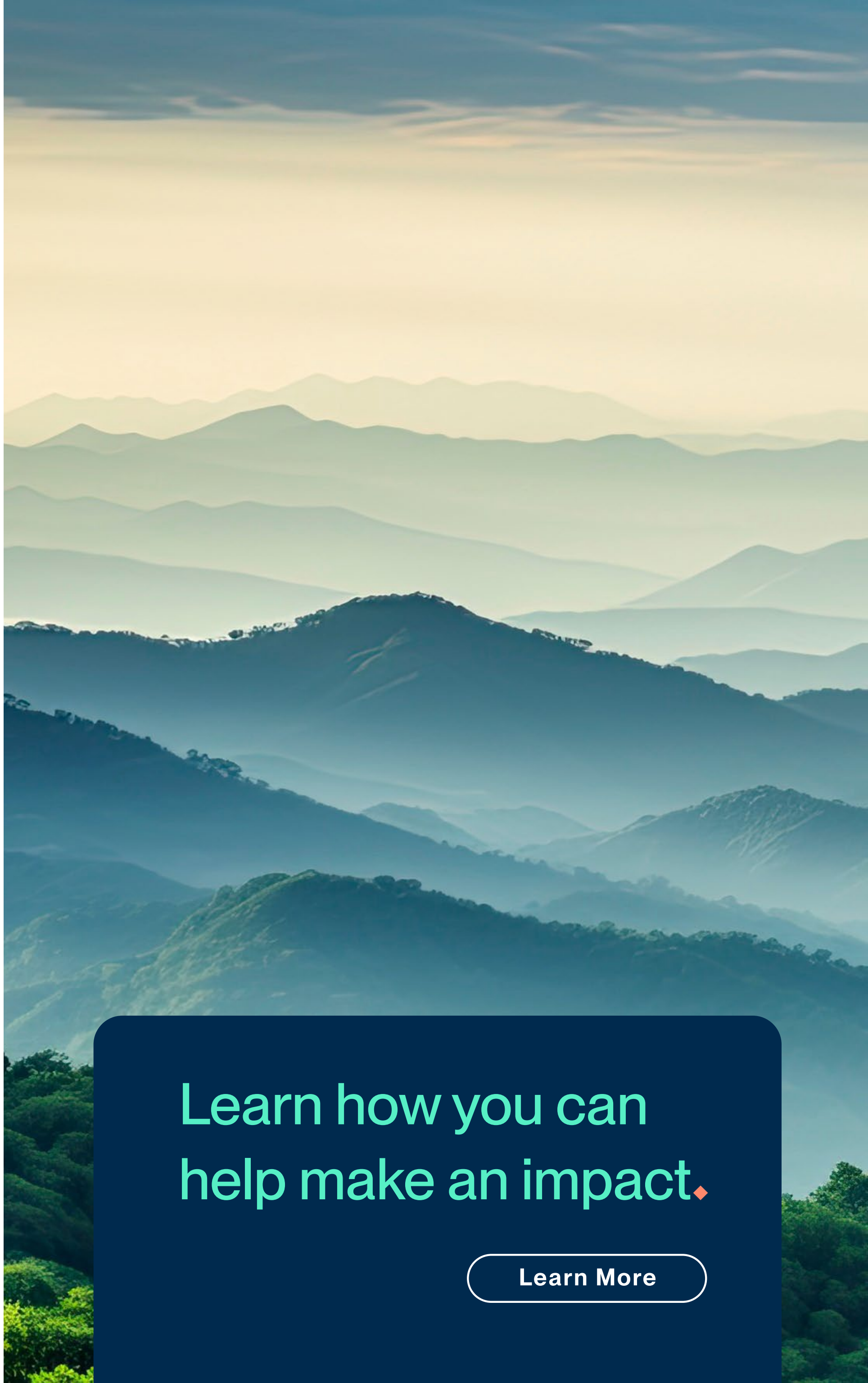


Appendix

Introduction to the Report

Conceptual Foundations

According to the IFRS Sustainability Disclosure Standards, sustainability- and climate-related information is most effectively leveraged for making better business decisions when it is relevant and accurately reflects what it claims to represent. Additionally, the value of this information increases when it's easy to compare with other data, can be verified, and is simple to understand. Below are the foundational definitions of the concepts within our reporting.

FAIR PRESENTATION

A thorough set of sustainability and climate-related disclosures should fairly cover the risks and opportunities linked to sustainability and climate that might impact our future stakeholders. Fair presentation demands that relevant details about these risks and opportunities are shared and represented accurately, following the guidelines from IFRS S1 and S2. To ensure a faithful representation, an entity, or Sensiba LLP ("Sensiba") in the case of this report, must present a comprehensive, unbiased, and improved picture of these sustainability and climate-related risks and opportunities.

MATERIALITY

Within the realm of sustainability and climate-related disclosures, information is considered "material" if leaving it out, misrepresenting it, or hiding it could influence the decisions of the main users of this report.

As an accounting firm, we are intimately familiar with the concept of materiality and adhere to rigorous standards in its application. Our professional experience and regulatory obligations require that we maintain the highest levels of accuracy and integrity in all our reporting, reflecting our commitment to transparency and accountability.

REPORTING ENTITY

An entity's sustainability and climate-related disclosures should correspond to the same entity as its financial statements. Thus, all reporting within this report shall be for the entity, Sensiba LLP.

CONNECTED INFORMATION

We must present our sustainability and climate-related disclosures in a way that helps users of sustainability and financial reports understand key connections. These include:

- Connections within the disclosures, such as how governance, strategy, risk management, and metrics are interlinked.
- Connections between different risks and opportunities that could impact our future.
- Connections between disclosures and other financial reports, such as financial statements.

We will clearly identify the financial statements associated with our sustainability and climate-related disclosures. Additionally, the data and assumptions used in these disclosures should align, as much as possible, with those used in the corresponding financial statements, following International Financial Reporting Standards (IFRS) or other relevant Generally Accepted Accounting Principles (GAAP). If the sustainability disclosures specify a currency, it should match the presentation currency used in the related financial statements.

Core Contents

With an IFRS S1 and S2-aligned report like this, we aim to provide comprehensive disclosures that give stakeholders a clear view of our sustainability and climate strategy and risks. Unless specified differently by another IFRS Sustainability Disclosure Standard, we will provide detailed information on:

1. **Governance**

The processes, controls, and procedures we use to oversee and manage sustainability and climate-related risks and opportunities. This includes how we ensure accountability and compliance in our sustainability efforts.

2. **Strategy**

How we approach the management of sustainability and climate-related risks and opportunities, detailing our long-term sustainability goals and how they align with our overall business strategy.

3. **Risk Management**

The methods we use to identify, assess, prioritize, and monitor sustainability- and climate-related risks and opportunities. This includes how we integrate these risks into our overall risk management framework.

4. **Metrics and Targets**

Our performance regarding sustainability- and climate-related risks and opportunities, including progress toward any set or legally required targets. This includes specific indicators and metrics that track performance and impact, providing transparency and accountability.

An IFRS S1 and S2-aligned report not only meets international standards but also enhances stakeholders' understanding of our commitment to sustainable development and our ability to manage the associated risks and opportunities effectively.

General Requirements

SOURCE OF GUIDANCE

When identifying sustainability and climate-related risks and opportunities that could impact us, we will:

- Assess the relevance of the SASB Standards' disclosure topics to our specific situation.
- Stay updated with the latest information and guidance from other standard-setting bodies that meet the informational needs of our stakeholders.
- Review sustainability and climate-related risks and opportunities noted by peers in the same industry and/or geographic areas.

We will clearly outline:

- The specific standards, pronouncements, industry practices, and guidance sources we use, including relevant topics from the SASB Standards.
- The industries defined by the IFRS Sustainability Disclosure Standards, the SASB Standards, or other guidance we have considered in preparing our disclosures and identifying applicable metrics.
- The specific IFRS Sustainability- and Climate-Related Disclosure Standard that corresponds to the identified risk or opportunity when pinpointing relevant disclosures.

Our approach to identifying pertinent information involves:

- Evaluating the relevance of metrics from the SASB Standards' disclosure topics.
- Considering guidance from other standard-setting bodies, ensuring there is no conflict with IFRS Standards.
- Utilizing data and metrics from peers in similar industries and regions.

This careful judgment ensures our disclosures are relevant to our report users' decision-making needs and represent our sustainability and climate-related risks or opportunities accurately.

LOCATION OF DISCLOSURES AND TIMING OF REPORTING

Entities required to report must include IFRS Sustainability Disclosure Standards in their general-purpose financial reports and release their sustainability and climate-related disclosures simultaneously with the corresponding financial statements. The reporting period generally lasts 12 months, although a 52/53-week reporting cycle is also permissible.

At Sensiba, we are not mandated by regulations to publicly report either sustainability or financial information; however, we voluntarily commit to transparency as part of our core values. Currently, we include sustainability information solely in our Impact Report. This approach is part of our ongoing efforts in sustainability reporting.

COMPARATIVE INFORMATION

We will provide comparative information from the previous period alongside current disclosures. This includes quantitative data such as metrics and targets, and narrative details that offer context about the impacts of sustainability and climate-related risks and opportunities. This comparative approach helps clarify the current reporting period's disclosures.

STATEMENT OF COMPLIANCE

We will state our compliance clearly and unreservedly. We will not claim compliance unless we have fully met the IFRS Sustainability Disclosure Standards.

Governance

We have established robust governance processes, controls, and procedures to effectively manage and monitor sustainability and climate-related risks and opportunities. Management responsibilities for sustainability, climate, and financial-related risks and opportunities are overseen by the Sensiba Risk Advisory Board:

John Sensiba
Managing Partner
Main Firm Risk Oversight

Igor Zaika
Chief Technology Officer
IT Risk

John Urosevich
Chief Operating Officer
Operational Risk

Sholly Anderson
Chief Human Resource Officer
Human Capital Risk

Crystal Riggins
General Counsel
Legal and Governance Risk

Jennifer Harrity
ESG & Sustainability Director
General Sustainability Risk

Rebecca Krammen
Finance Director
Financial Risk

The Risk Advisory Board supports our sustainability and climate-related governance within the following guidelines:

Strategic Leadership
Develop and implement a comprehensive sustainability and climate strategy for the firm that aligns ESG strategies with overall business objectives.

Compliance, Reporting, and Risk Management
Ensure adherence to all applicable sustainability and climate regulations and standards, identifying sustainability and climate-related risks, and overseeing sustainability and ESG reporting.

Operational Sustainability
Ensure all firm operations adhere to established sustainability and climate-related policies and practices.

Employee Development and Culture Building
Cultivate a culture of sustainability among employees through training and engagement programs.

Community, Stakeholder, and Industry Engagement
Engage with external stakeholders to ensure transparent communication regarding sustainability and climate-related efforts. Represent the firm in industry forums, working toward influencing policy and establishing the firm as a sustainability and ESG leader in the accounting industry.

Innovation and Technological Integration
Drive innovation in sustainability and climate-related practices through the exploration and integration of new technologies and methodologies.

Partnership Development

Build and maintain partnerships with NGOs, government agencies, and industry bodies to advance sustainability and climate goals while ensuring compliance of vendors, suppliers, and partners.

Performance Monitoring

Oversee the collection, management, and analysis of sustainability and climate data to monitor performance against targets and implement continuous improvements based on performance data.

Budget and Resource Management

Manage budget allocations for sustainability and climate initiatives, ensuring resources are utilized effectively.

Our governance oversight philosophy further includes:

Responsibilities and Policies

Our Risk Advisory Board is defined within our organizational structure with specific terms of reference, mandates, and role descriptions guiding their oversight of sustainability- and climate-related risks and opportunities.

Skills and Competencies

We continuously evaluate and enhance the skills of our governance teams to ensure effective oversight of our sustainability and climate-related strategies, addressing any competency gaps through targeted training or recruitment.

Information and Reporting

Risk Advisory Board members receive regular updates through reports and briefings on sustainability- and climate-related risks and opportunities, ensuring they are well-informed about factors that could influence our strategic direction.

Decision-Making and Oversight

Sustainability considerations are central to our decision-making processes. Our leadership evaluates sustainability trade-offs in strategic decisions, major transactions, and risk management to ensure prudent governance.

Target Setting and Monitoring

Our Risk Advisory Board sets sustainability and climate-related targets and monitor progress, with periodic reviews of target effectiveness. Performance metrics related to sustainability are integrated into remuneration policies to align incentives with our objectives.

Strategy

With the most significant sustainability- and climate-related risks and opportunities we face as a professional services firm centered around our people, our ESG and risk management strategy focuses primarily on two areas:

Enhancing our DEI efforts, which we believe improves our overall effectiveness as a firm, our financial results, and our contributions to promoting social good.

Implementing improvement opportunities identified in our materiality assessment findings.

DEI STATEMENT

Bring Yourself to Work

Sensiba welcomes and celebrates all people. We honor each individual and their individualized skills, experiences, and perspectives. As a firm, we are against all forms of racism and discrimination.

Sensiba is a better firm for all its members, and our clients, when we encourage input and participation from people with diverse backgrounds, experiences, and opinions. We continually strive to recognize where we can be better and do more.

We also understand there is still work to be done within our organization and the broader accounting industry to address DEI and risks of unconscious bias.

OUR DEI OBJECTIVES

People and Culture

- Improve employee satisfaction and engagement in a culture of trust, support, respect, and inclusion.
- Implement DEI analytics to link business results with improvements in workplace culture.

Revenue Growth / Expansion of Services

- Support a multi-culturally sensitive workforce by attracting, hiring, and retaining diverse employees.
- Increase partnerships that lead to the representation of new clients and a more diverse client base.

As a committee, we discuss:

- Challenges for completing the action items and troubleshoot as a group.
- Any issues that have come up in society and the implications within the firm.
- Reviewing the results from our monthly employee listening sessions.
- Sharing any insights we can bring to the group from our respective areas.

We report our progress on the DEI plan to the firm owners and executive leadership twice each year at their semi-annual strategic retreats, and to the entire firm annually.

We have prioritized a variety of improvement initiatives along the following timeline:

Short Term (0-2 years)

Our focus aligns with annual and biennial strategic planning cycles, focusing on immediate actions, cash flow management, and quick adaptation to market and regulatory changes.

- We will develop risk management SOPs for all material risks (DEI, labor practices, data security, etc.) and document the policies and procedures in place throughout the organization. Our in-house legal counsel is leading this initiative.
- We currently comply with all relevant labor laws and have a policy to mirror the demographics of the local communities where our employees are based, but we lack long- and short-term strategies to improve performance on our policy and its objectives. Our human resources team is leading this initiative.
- We will include all material issues in our Impact Report and disclose them regularly to stakeholders. We will also include action plans and goals, as well as progress against those goals, in alignment with ISSB IFRS S1 and S2 standards. This and future reports are being led by our sustainability director.

Medium Term (3-5 years)

Corresponds with our comprehensive strategic planning and strategic investment phases, preparing for shifts in technology, market dynamics, and resource allocation. Our key plans include:

- Formalizing processes and procedures around ESG management awareness and strategies to increase executive participation.
- Leveraging the adoption of new technologies to implement, measure, and manage ESG planning and data.
- Developing an internal price on each ton of GHG used internally by the organization and put that cost toward investments that will further reduce our footprint.

Long Term (6 years and beyond)

The future horizon guides our investments and the development of new service areas, extending beyond typical planning and investment cycles to anticipate foundational industry changes and broad market trends. We will:

- Require significant suppliers and vendors to have an industry-recognized ESG certification or scorecard.
- Continually evaluate market strategies to leverage additional opportunities for our sustainability and consulting services.

BUSINESS MODEL AND VALUE CHAIN

The value chain of a professional services firm encompasses a diverse array of stakeholders and processes essential, in our case, for delivering top-notch accounting and advisory services. Key participants include clients ranging from individuals to large corporations, and an internal team comprised of accountants, auditors, tax advisors, financial analysts, consultants, and support staff. Technology and tool providers, such as accounting software companies and IT infrastructure providers, also play a crucial role, alongside regulatory bodies like the PCAOB and professional organizations like the AICPA.

Additionally, training and development providers, financial institutions, legal advisors, and various suppliers contribute to the firm's efficacy. Engaging with industry groups, community organizations, and data providers ensures comprehensive service delivery, while the clients' stakeholders, including shareholders, employees, and creditors, are integral to the overall value chain.

The sustainability impacts on an accounting and advisory firm's operations and strategic direction based on its value chain are multifaceted, affecting various aspects from internal practices to client interactions and broader industry engagement. At Sensiba, we look at factors ranging from implementing energy-efficient practices and digital records to reduce resource consumption, to adopting eco-friendly IT solutions and robust cybersecurity measures. Employee well-being is enhanced through flexible work arrangements and frequent sustainability education. Management of physical locations prioritizes green office practices and responsible procurement.

Strategically, we offer sustainability reporting and advisory services, integrate ESG criteria into client planning, and influence industry standards through thought leadership. Community engagement involves active corporate social responsibility participation and transparent stakeholder communication. Additionally, we foster sustainable innovation and build partnerships to advance sustainability goals and ensure compliance among vendors and partners.

EFFECTS ON BUSINESS MODEL AND VALUE CHAIN

Sustainability- and climate-related risks significantly impact an accounting and advisory firm's business model and value chain by driving the need for new services such as sustainability reporting and ESG advisory, while also influencing client expectations and the firm's reputation. Operational costs may be affected by the necessity for resource management and investment in sustainable technology. Risk management frameworks must incorporate climate risk assessments and business continuity strategies.

Internally, we enhance resource efficiency and promote employee engagement on sustainability practices. In supply chain management, sustainable procurement and partnerships with environmentally responsible organizations are essential. Our client services have expanded to include comprehensive advisory on managing sustainability risks and ensuring compliance with evolving regulations.

Additionally, we stay engaged with regulatory bodies to influence industry standards and invest in green technology and data analytics to improve operational efficiency and provide climate risk insights. This holistic approach mitigates risks while opening new business opportunities and strengthening stakeholder relationships, ensuring long-term resilience and competitiveness.

STRATEGY AND DECISION-MAKING

We drive our strategic direction and decision-making processes while adapting to environmental and social challenges by integrating sustainability into our core strategy. This involves embedding ESG criteria into strategic planning, appointing dedicated sustainability leadership, and setting clear sustainability goals aligned with business objectives. Robust risk management practices are essential to understanding potential impacts and informing resilient strategies. We have transparent communication with our stakeholders through annual sustainability reports and close collaboration with clients to address their sustainability challenges. This ensures we remain accountable and responsive to not only our potential risks, but our clients' risks as well.

Investing in innovation and technology is another key component of our strategy. Adopting sustainability-minded technologies and utilizing data analytics to gain insights into sustainability performance can significantly enhance operational efficiency and reduce our social and environmental impact. We foster continuous improvement through ongoing employee training in sustainability practices and established feedback mechanisms from employees, clients, and other stakeholders.

Additionally, we support our peers, engaging with NGOs and government agencies and publishing thought leadership on sustainability trends. Regular strategic reviews and fostering an agile decision-making culture allow us to stay ahead of evolving sustainability challenges, ensuring that our strategies remain resilient and forward-thinking.

PROGRESS AGAINST PREVIOUS PLANS

We track and report quantitative and qualitative progress against the sustainability plans disclosed in previous reporting periods. For example, we committed to a science-aligned target of a 50% reduction from benchmark levels (1,259 tCO_2e) by 2030. To date, we have achieved a 7% reduction annually through energy efficiency improvements and renewable energy investments. On the qualitative front, we have enhanced our stakeholder engagement processes to better align with sustainability goals, which has improved our risk management and innovation capabilities.

CONSIDERATION OF TRADE-OFFS

In our strategic decision-making, we often face trade-offs between sustainability- and climate-related risks and opportunities. For example, when deciding on the location of a new office, we may weigh the environmental impacts of potential sites against the social benefits of job creation and community development. In some cases, a location might offer significant employee benefits but also require us to invest in additional environmental mitigation measures. These decisions are made with a comprehensive view of long-term sustainability and immediate community benefits, aiming to balance economic, environmental, and social factors effectively.

Resilience

While we're pleased with our progress to date, we understand there is room to improve and we must work to maintain and accelerate our momentum. This section outlines our plans to enhance our firm's ability to adapt and thrive amidst the uncertainties posed by sustainability- and climate-related risks. We aim to provide qualitative and quantitative insights to showcase the robustness of our strategic and business models in facing these challenges.

QUALITATIVE AND QUANTITATIVE RESILIENCE ASSESSMENT

We plan to implement a resilience assessment that includes a thorough evaluation of how our strategy and business model can withstand and evolve in response to sustainability- and climate-related risks. Qualitatively, we will analyze the flexibility of our operations and the adaptability of our strategic initiatives to ensure alignment with ongoing and future environmental regulations, market trends, and societal expectations. Quantitatively, where applicable, we intend to provide metrics such as employee attrition rate, diversity, litigation and data security exposure rates, and potential financial impacts under different sustainability- and climate-related scenarios.

ASSESSMENT METHODOLOGY AND TIME HORIZON

Our proposed resilience assessment will involve a combination of internal audits, third-party reviews, and scenario analysis, ensuring a comprehensive and reliable evaluation. The time horizon for our assessments will typically span short-term (0-2 years), medium-term (3-5 years), and long-term (6+ years) periods, reflecting our strategic planning cycles. This approach will allow us to forecast and prepare for immediate and future sustainability challenges.

SCENARIO ANALYSIS AND REPORTING

Where required by IFRS Sustainability Disclosure Standards, we plan to include scenario analyses to project and evaluate the impacts of specific sustainability- and climate-related risks under various future conditions. This may involve disclosing a range of potential outcomes to illustrate the possible extents of impact on our business, helping stakeholders understand the breadth and depth of our resilience planning. At the time of this report, we have not undergone an official scenario analysis and have established that as a future goal.

Risk Management

As a firm, we have long understood the importance of identifying, assessing, prioritizing, and monitoring risks and opportunities for our clients and ourselves. Today, this includes integrating sustainability- and climate-related risks and opportunities into our overall risk management framework.

HOW WE IDENTIFY AND MANAGE SUSTAINABILITY- AND CLIMATE-RELATED RISKS

Prioritization of Risks

Sustainability- and climate-related risks are prioritized alongside other risk types within our overall risk management framework. This ensures we allocate resources effectively and focus on the risks with the most significant potential impact.

Identification and Assessment

We employ a rigorous process to identify and assess sustainability- and climate-related risks, utilizing a variety of data sources covering the full scope of our operations, with an emphasis on double materiality. A future goal is to include scenario analyses to project and plan for potential events, market trends, or other scenarios that could impact our business.

Monitoring of Risks

We continuously monitor identified risks using established metrics and indicators to track changes in risk status and the effectiveness of our mitigation strategies.

Nature, Likelihood, and Magnitude of Risks

Our assessment process considers qualitative and quantitative factors to determine the nature, likelihood, and potential magnitude of sustainability- and climate-related risks. This thorough analysis helps us understand the possible effects on our operations and financial performance.

Process Updates

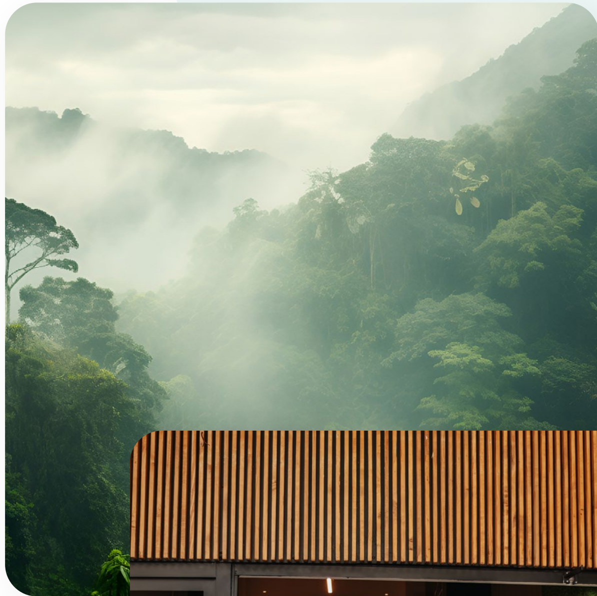
Our risk management processes are periodically reviewed and updated based on our latest risk assessment findings and changes in the external environment, reflecting improvements or shifts in our approach since the last reporting period.

Managing Sustainability-Related Opportunities

Our approach to identifying, assessing, prioritizing, and monitoring sustainability and climate-related opportunities parallels our risk management process. By leveraging insights from our ongoing risk assessments, we can pinpoint and capitalize on opportunities that can drive sustainable growth and enhance our competitive advantage.

Integration into Overall Risk Management

The processes we use for both risks and opportunities are deeply integrated into our overall risk management framework. This integration ensures sustainability considerations are central to our strategic decision-making and operational planning, promoting a holistic view of both the challenges and prospects we face.



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