



2022

# DIVERSE BUSINESS ENTERPRISE (DBE) SPEND REPORT

Cascade Energy is committed to supporting diverse suppliers and creating opportunities for socially and economically disadvantaged individuals. As a part of that commitment, we regularly track and report on our company's spending with certified diverse business enterprises (DBE)<sup>1</sup>.

In 2022, Cascade Energy increased the number DBE suppliers we partnered with for both program delivery and internal needs. The number of DBEs supporting program delivery increased from seven to 16 and the number of DBEs supporting internal operations increased from seven to 11.

The following table summarizes our DBE spend data since 2019. While DBE Spend as a percentage of Total Spend<sup>2</sup> minus Excluded Spend<sup>3</sup> has steadily increased year over year, DBE Spend as a percentage of Total Spend has fluctuated between 5.9% to 19.4% over the past several years. This scenario largely reflects our ongoing work with a supplier previously classified as a DBE who lost their DBE certification in 2022 due to an acquisition transaction (they were acquired by a non-DBE entity). DBE Spend as a percentage of Internal Spend increased slightly in 2022. We will continue our work to improve DBE Spend in both program and internal categories by increasing efforts to identify and partner with DBE vendors on new and expanded work.

- 1 Diverse Business Enterprise (DBE) – A for-profit business where socially and/or economically disadvantaged individuals own at least 51% interest and/or control management and daily business operations. Cascade Energy recognizes DBEs as businesses owned by individuals from historically marginalized groups, including but not limited to women, veterans, LGBTQ+ individuals, individuals with disabilities, and/or individuals from underrepresented racial or ethnic groups. Please note that our clients and partners may define DBE differently. These definitions can be determined wholly by our contracting partners, by federal or state programs, or by independent certification bodies.
- 2 Spend – Money paid to a vendor, contractor, or subcontractor during the annual fiscal year.
- 3 Excluded Spend – Overhead expenses that are immutable or extremely difficult to shop for on the open market in a way that would allow us to seek DBE providers. Ex: rent, insurance, membership in trade organizations, etc.

## ANNUAL DBE SPEND

	2019	2020	2021	2022
<b>Spend Total</b>				
DBE % of Total Spend	5.9%	17.5%	19.4%	15.8%
DBE % of Total Spend minus Excluded Spend	9.6%	26.9%	26.6%	32.7%
<b>Program Spend<sup>4</sup></b>				
Program % of Total Spend	30.0%	46.4%	40.0%	42.6%
DBE % of Program Spend	16.9%	35.3%	46%	31.5%
Program Total DBE Count	8	9	7	16
<b>Internal Spend<sup>5</sup></b>				
Internal % of Total Spend	3.1%	18.4%	31.4%	57.4%
DBE % of Internal Spend	2.6%	6.0	3.1%	5.0%
Internal Total DBE Count	11	10	7	11
<b>Excluded Spend</b>				
Excluded % of Total Spend	40.8%	36.5%	28.8%	48.2%

4 Program Spend – Business expenses used to directly fulfill contractual obligations rather than general operating expenses or overhead.

5 Internal Spend – Costs that support our internal needs, are required for ongoing business operations, and help us deliver work but cannot be directly attributed to a specific business product or service. Ex: human resources, accounting, legal, software and computers, etc.



An inability to easily track company credit card spending with diverse suppliers impacted our reporting on progress towards DBE expenditure goals. DBE spend was not tracked as a percentage of credit card spending until we added a 'DBE Vendor' checkbox field to our expense reporting software in Q4 2022. This new field provides a more complete picture of our company spending with DBE suppliers, enhancing the data available for our DBE Report. We will include this enhanced data in our *2023 DBE Spend Report* as we do not have sufficient 2022 data to report on.

Identifying DBE suppliers in internal and fixed overhead categories is based on limited survey response. Several internal and program teams are working to improve reporting accuracy in these categories.

## WHY DO WE TRACK DBE SPEND?

Cascade's Supplier Diversity Program supports our commitment to diversity, equity, inclusion, and accessibility (DEIA). We provide this annual accounting of diverse supplier spend for clarity and accountability within the program. We compare our stated goals with actual results and analyze both our successes and our challenges. In alignment with our company values of Do the Right Thing, Put Others First, and Seek Shared Success, Cascade is committed to using our market power to boost small and diverse enterprises in our business community while working towards our mission of making industrial energy efficiency happen in smart, measurable, and sustained ways.

## ONE-YEAR DBE SPEND GOALS | 2022

To expand our pool of diverse suppliers providing economic opportunities to individuals who have been historically marginalized and/or are underrepresented in their chosen profession, we employed new communication strategies when vetting new suppliers. Examples of such strategies include:

- When discussing a new project with a potential supplier, inquire whether the supplier's employees who identify with historically underrepresented or marginalized groups will have the opportunity to work on Cascade projects to gain experience and market presence.
- Review content on the vendor or company website regarding their company ownership and organizational contributions toward DEIA efforts.
- Ask potential vendors and suppliers about their DEIA activities, philosophy, and policies.

## THREE-YEAR DBE SPEND GOALS | 2021–2023

In 2021, Cascade set three additional goals for our Diverse Supplier Program to achieve by 2023. With momentum building on increasing DBE Program Spend, our biggest challenge is finding DBEs to support Internal Spend goals. Our 2021 performance meets the three-year targets for the first two goals, with additional focus required to achieve our third goal by 2023.



1. Increase total Program Spend with DBEs to 40%
2. Maintain 40% of top 10 highest spend subcontractors as DBEs
3. Double the total number of diverse suppliers for internal spend from 10 to 20

## PAST DBE HIGHLIGHTS

### DBE Cultivation Project

In 2020, Cascade launched our DBE Cultivation Project, offering current Cascade employees who identify as women and/or racial minorities an opportunity to leave Cascade and start their own DBE firm. Each qualified DBE company must be located in any of three geographic regions (Pacific Northwest, California, or Midwest) where Cascade may need support across a range of services. Our strategy is to provide our clients the opportunity to partner with multiple smaller, specialized, and localized DBEs.

We select companies and individuals for our DBE Cultivation Project through a transparent and competitive solicitation process. Current Cascade employees become owners and leaders responsible for independently managing and controlling their new company. Cascade offers robust mentorship throughout the formation process and shares several subcontracting opportunities to help them launch and grow.

The first company to emerge from our DBE Cultivation Project was Vim Pacific, launched in 2021, by two former Cascade employees. Vim Pacific, certified by the state of Oregon as a women-owned business enterprise (WBE), provides Cascade with high quality technical and outreach support and delivers services as a subcontractor to Cascade across multiple contracts. While Vim Pacific has

gained their own customer contract work apart from Cascade, Cascade and Vim continue to provide mutual support, mentorship, and guidance to one another on strategy, customer relationships, sales and marketing, compliance, operations, and managerial and technical training.

### Our Transition to Employee-Owned

Cascade transitioned to a 100% employee-owned company via an Employee Stock Ownership Program (ESOP) in 2021. Related to DEIA, this transition has significantly diversified Cascade's ownership. Cascade's founders and principals made a conscious choice to ensure that all employees who contribute to Cascade's growth can experience the benefits of our collective success, and Cascade stock is now allocated to employee retirement accounts set up under the ESOP. This structure supports an inclusive ownership culture and extends the benefits of company ownership to all members of our team; helping minimize the disparities our employee-owners from historically marginalized groups may face in terms of economic security, retirement savings, and other financial assets.




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### LOOKING FORWARD

To provide new financial opportunities for small and diverse enterprises while also addressing our utility clients' supplier diversity targets, Cascade has teaming agreements in place with several new-to-Cascade DBEs.

Our internal, program, and business development teams actively work to identify DBEs and share new DBEs with other teams across Cascade, helping achieve Cascade's DBE partnership and spend goals. An upcoming initiative will bring these teams together to analyze the supplier pool and determine the best opportunities for increasing supplier diversity.

Lastly, Cascade established a new, full-time DEIA Specialist position in 2022. This dedicated resource helps teams across Cascade to identify new diverse suppliers, track their spend, communicate/report results across the company, and improve the overall state of DEIA in the communities in which our employees work and live.